



Infrastructure Governance Current Practices and Challenges in the Region and Europe

***STRENGTHENING GOVERNANCE OF
PUBLIC INFRASTRUCTURE***

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Outline

- IMF Public Financial Management (PFM) assessment tools
 - ✓ Infrastructure Governance tools are key components of our PFM Capacity Development support
 - ✓ Making Public Investment More Efficient
 - ✓ PIMA and PFRAM
- Infrastructure Governance Experience in the region
 - ✓ Main findings
 - ✓ Progress so far
- Challenges going forward

IMF Public Financial Management (PFM) Assessment Tools

Fiscal Transparency Evaluation (FTE)

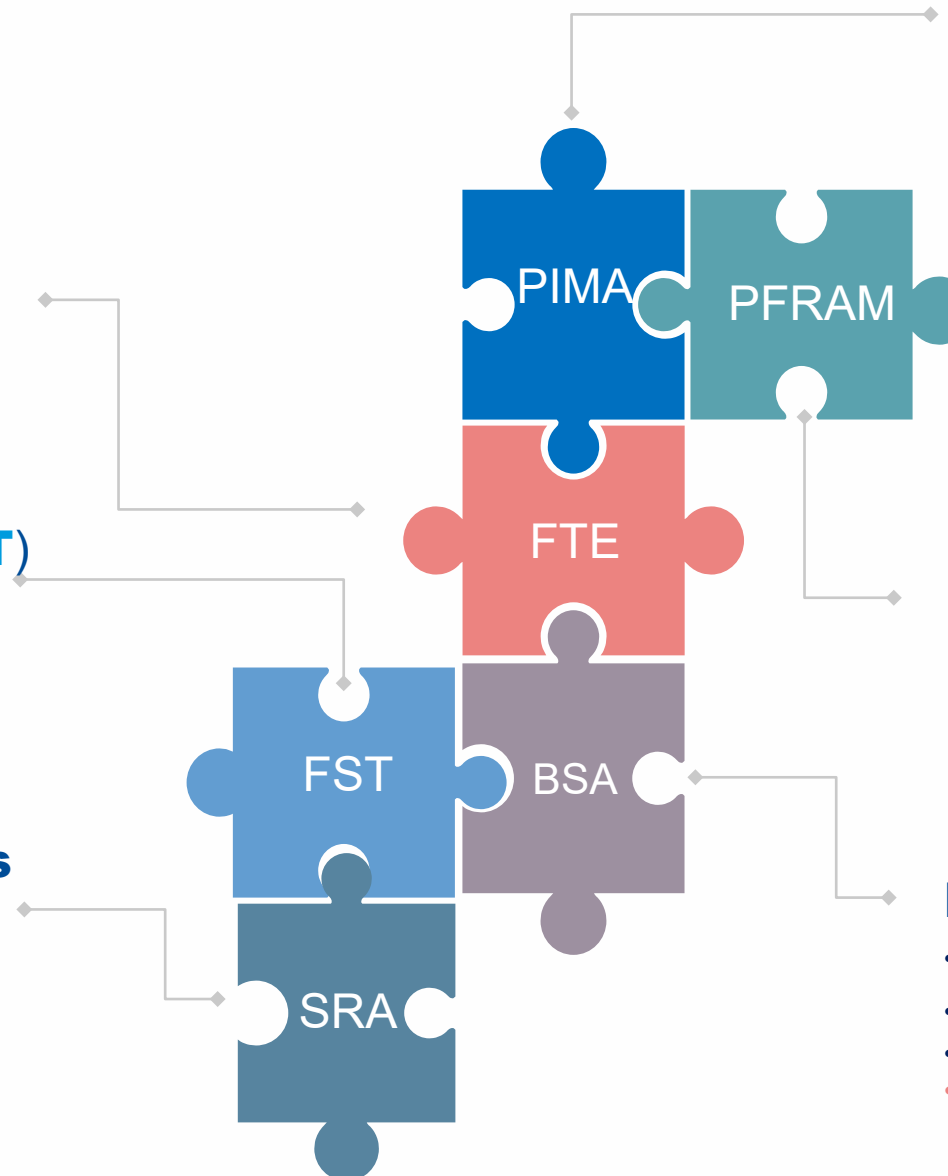
- Identifies sources & scale of risks
- Assesses fiscal risk analysis & management practices
- **Albania, North Macedonia, Georgia**

Fiscal Stress Test (FST)

- Tests resiliency of public finances
- Macro & contingent liability shocks
- Solvency, liquidity & financing burden

SOE Risk Assessments

- Financial Ratio Analysis
- Scenario analysis & stress testing
- Qualitative analysis
- **Georgia**



Public Investment Management Assessment (PIMA)

- Planning
- Allocation
- Implementation
- **Albania, B&H, Kosovo, Serbia, Georgia, Slovakia, Ireland, Estonia**

PPP Fiscal Risks Assessment Model (PFRAM)

- Estimate fiscal costs of PPPs
- Sensitivity analysis
- PPP Fiscal Risk Matrix
- **Albania, Montenegro, Georgia**

Balance Sheet Assessment (BSA)

- Public Sector Balance Sheet Compilation & Analysis
- Broader measures of fiscal performance (e.g., net worth)
- Long-term macro-fiscal projections and stress testing
- **Georgia**

“Making Public Investment More Efficient”

IMF Board Papers 2015 and 2018

Volume and efficiency of public investment impact economic growth

About one-third of the potential impact of public investment is being lost due to inefficiencies in public investment processes.

Strengthening public investment management (PIM) can promote more predictable, credible, efficient, and productive investment and reduce the “efficiency gap” by two-thirds.

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

PIMA (Public Investment Management Assessments) can help countries evaluate their public investment management institutions and identify priorities for reform and capacity development.

PIMA Experience

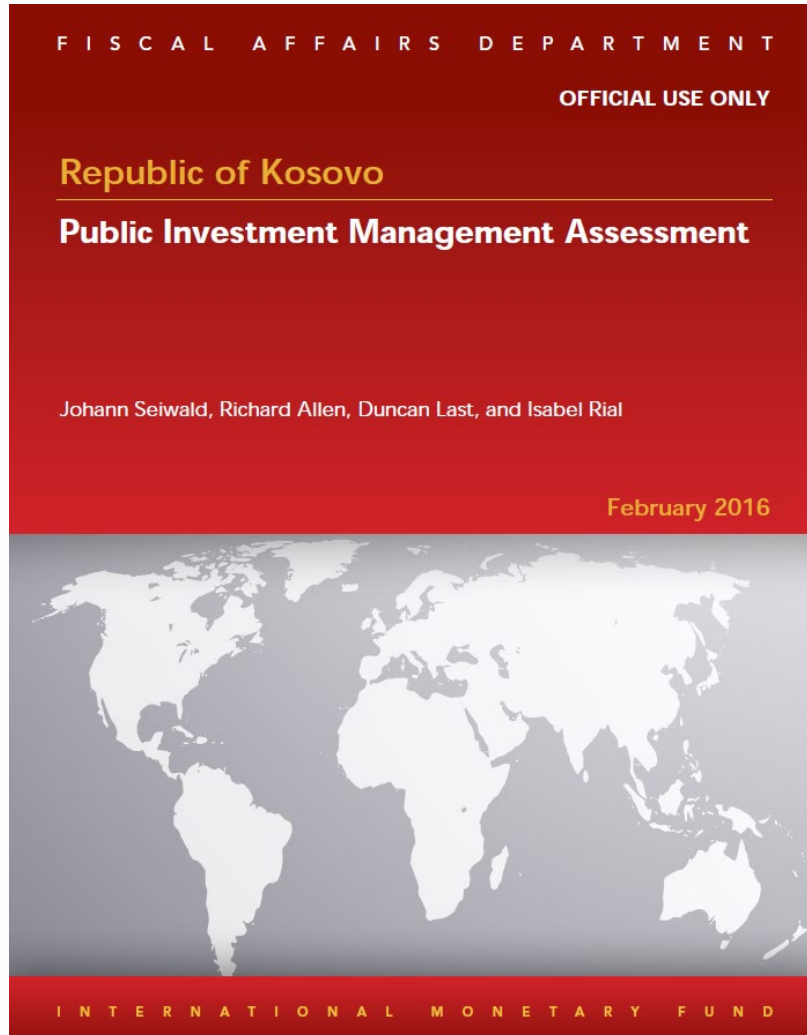
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ADV

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EME

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LIDC



PIMAs in the region and Europe



- Albania (2016); Bosnia (2018); Kosovo (2015); Serbia (2016)
- Ukraine (2016); Ireland (2017); Bulgaria (2017); Georgia (2017); Estonia (2018); Slovak Republic (2019); Moldova (2019)

Planned: North Macedonia (2020), Lithuania (2020)

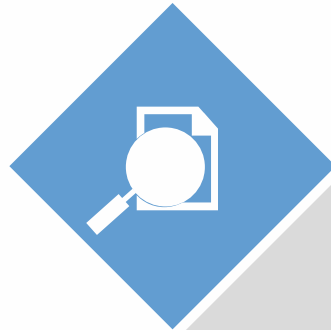
Published

- Kosovo, Ireland, Georgia, Estonia, Slovak Republic

PIMA serves as overarching framework for analyzing infrastructure governance

Comprehensive

- Macro-fiscal framework
- Investment planning
- Medium-term budgeting
- Project management

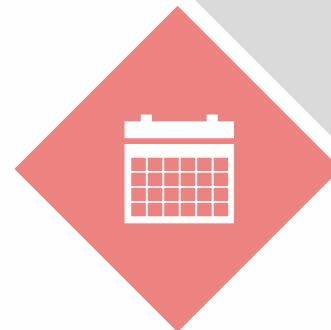


Practical

- Concrete recommendations
- Tailored to country context
- Sequenced prioritized action plan



PIMA



Accessible

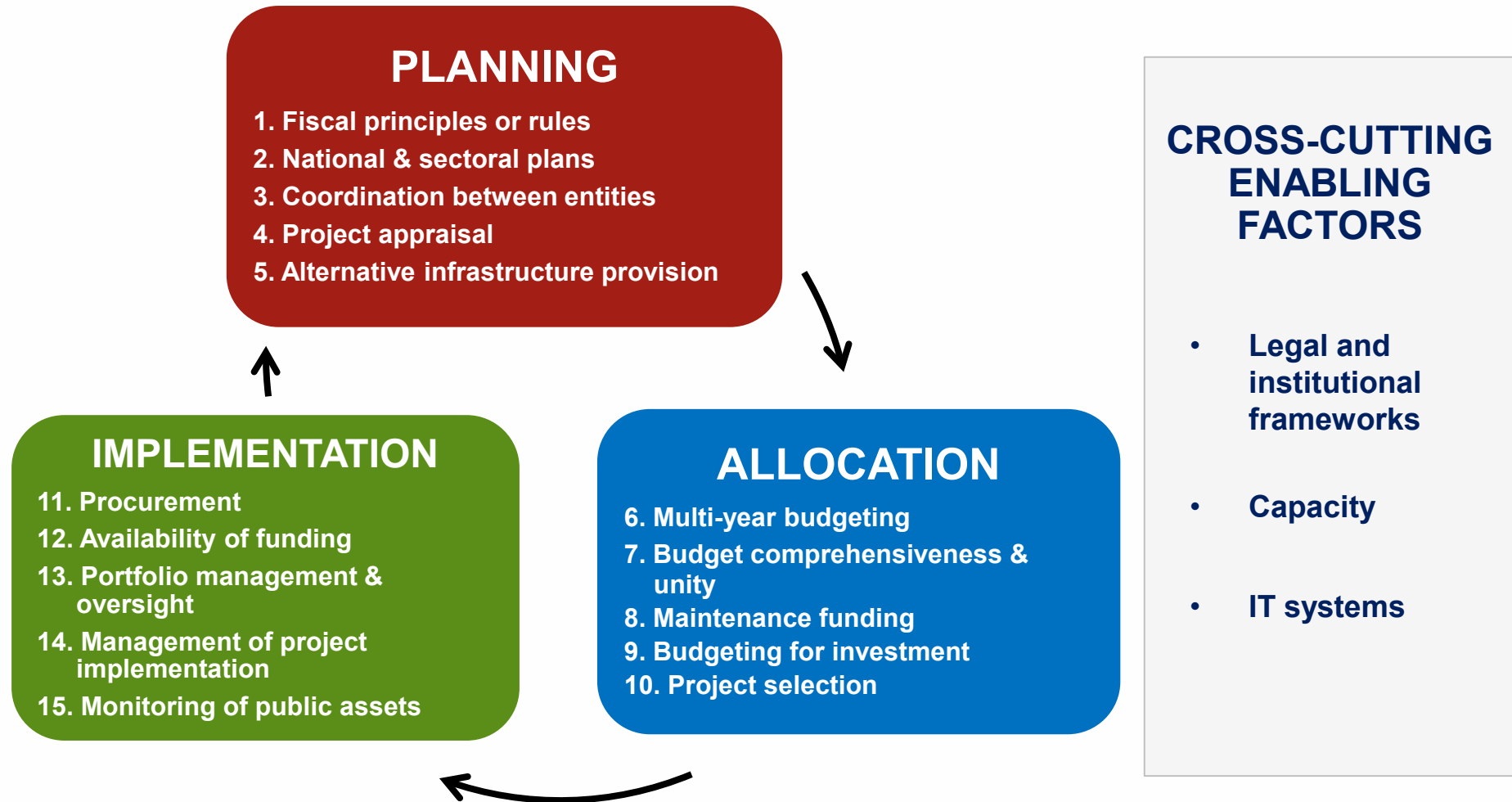
- Effective summary charts
- Peer comparison
- Clear distinction among design, effectiveness and importance for reform

Facilitates coordination

- Catalyst for follow-up support
- Foster peer to peer learning
- Improve coordination among development partners to achieve results



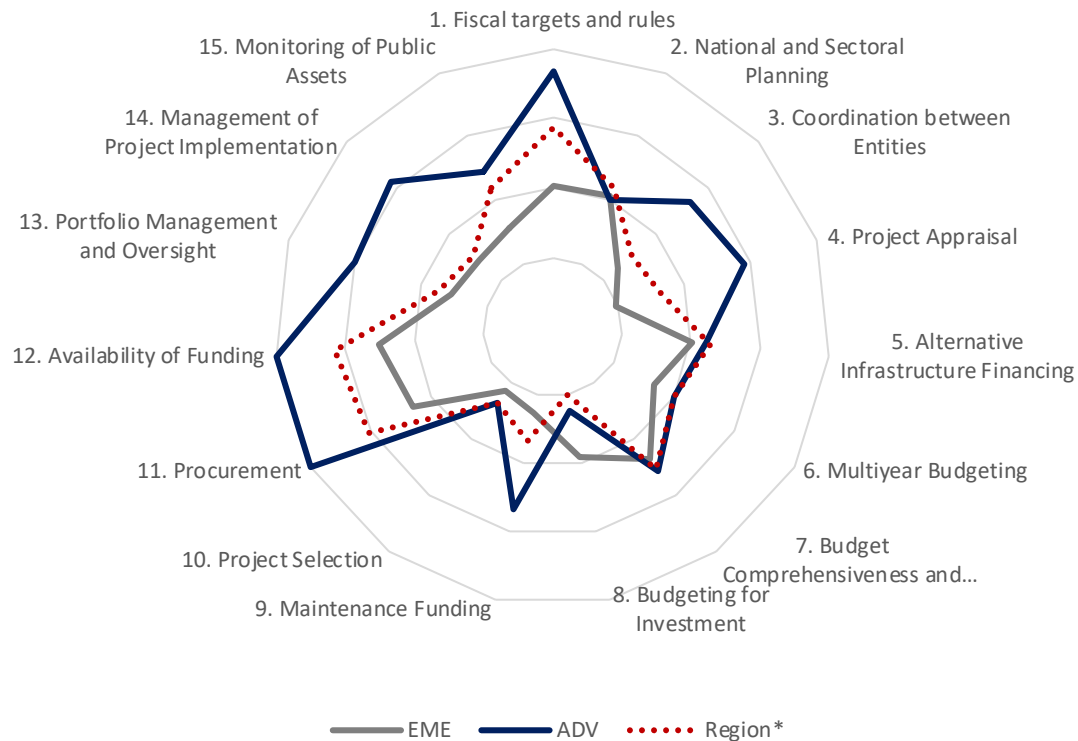
Comprehensive framework for assessing infrastructure governance



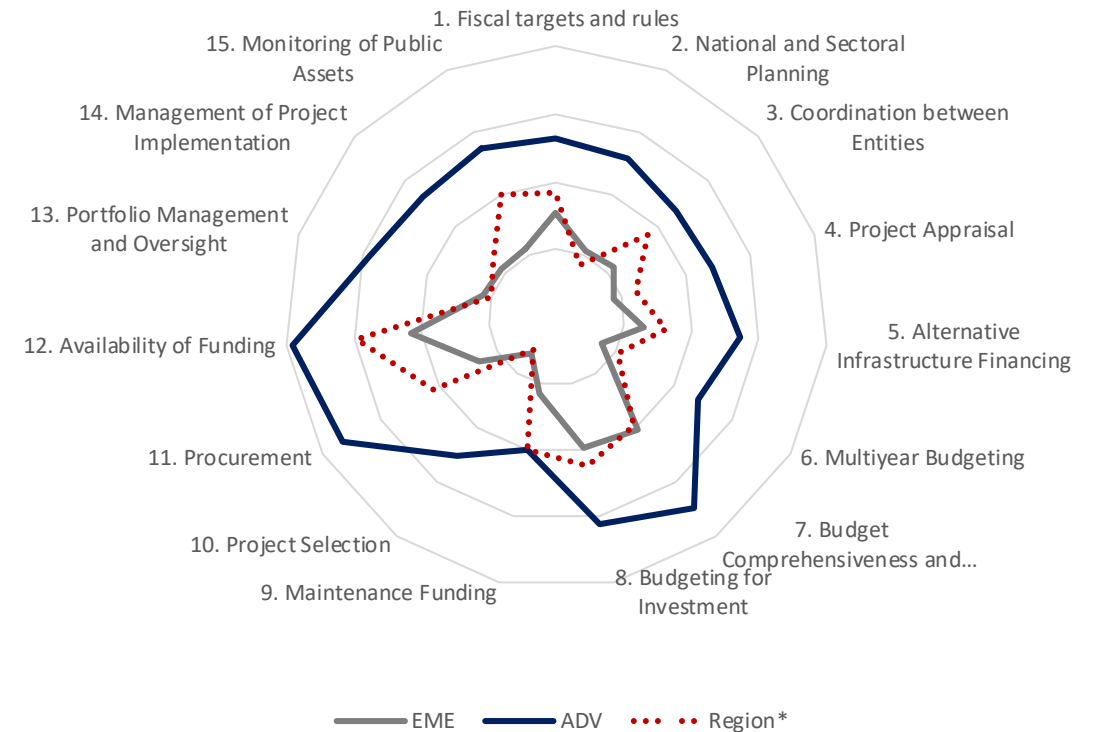
Accessible and effective communication of findings to stakeholders

Effectiveness of institutions usually weaker than design

Institutional design Benchmark to peers

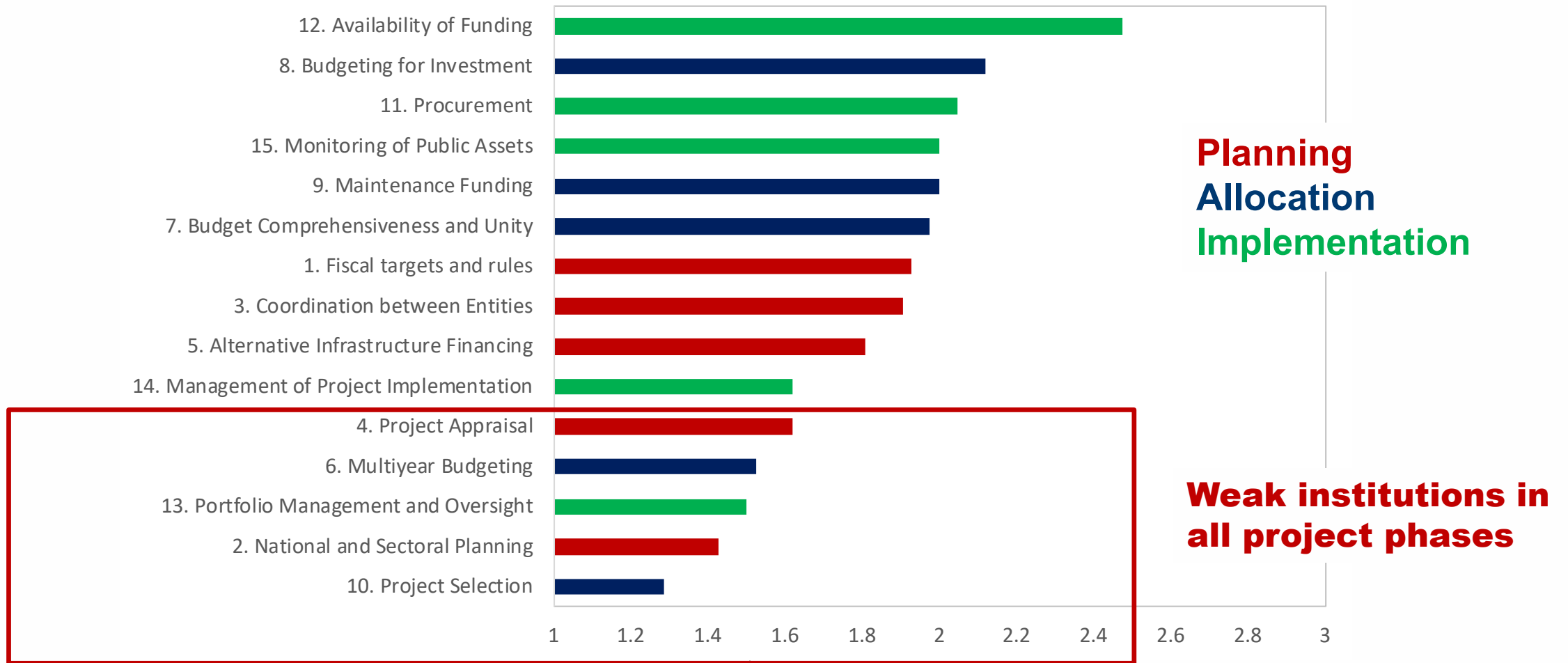


Effectiveness Benchmark to peers



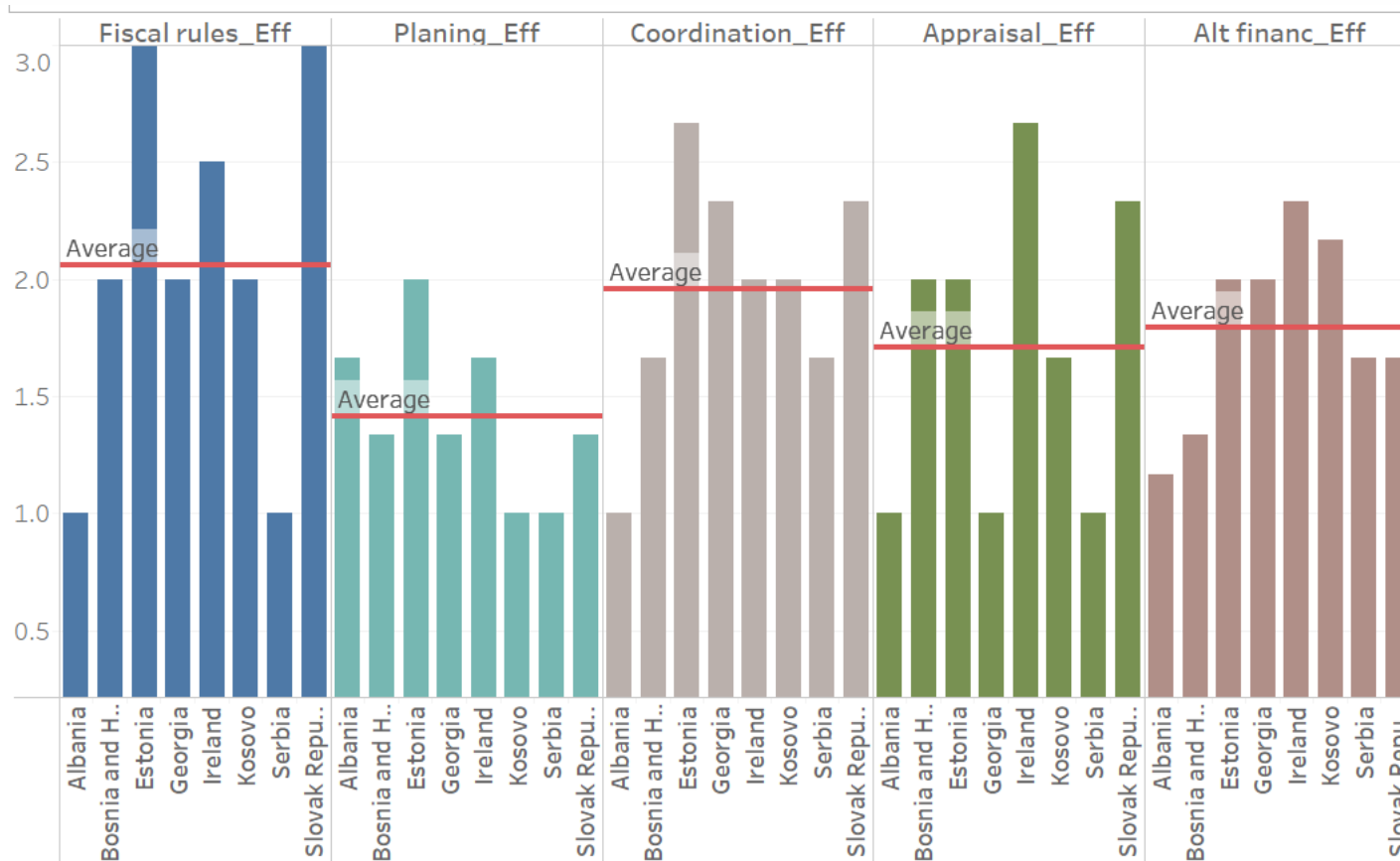
*Region includes: Albania, B&H, Estonia, Ireland, Georgia, Kosovo, Slovak Republic, and Serbia

What are the weakest institutions in the region?



*Region includes: Albania, B&H, Estonia, Ireland, Georgia, Kosovo, Slovak Republic, and Serbia

Planning phase

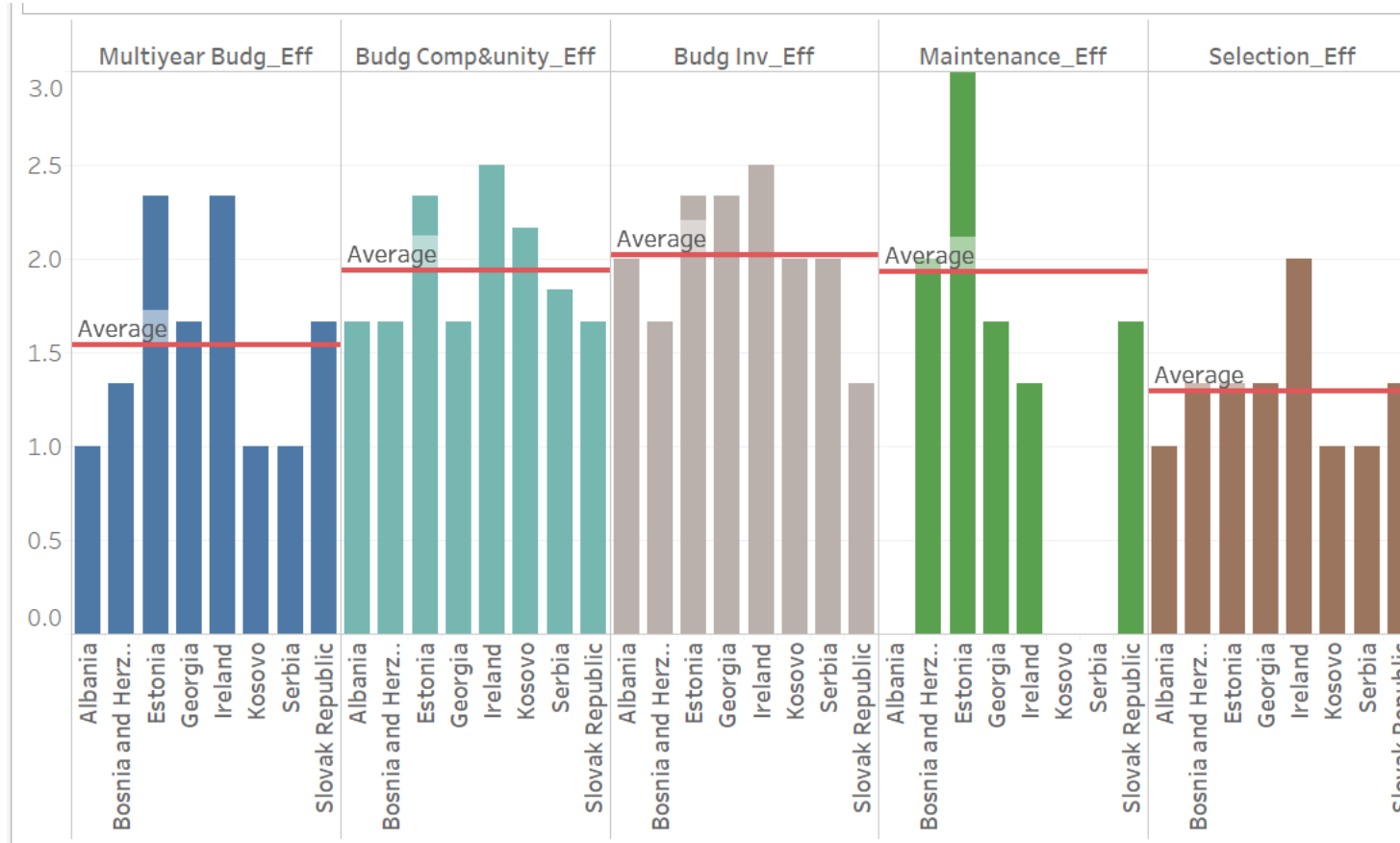


IMF staff, based on effectiveness scores

Weakest institutions

- **National and Sectorial Planning**
 - ▶ Too many sectorial strategies poorly integrated
 - ▶ Weak linkage of planning and budgeting
- **Project Appraisal**
 - ▶ Inadequate costing
 - ▶ Risks not properly factored-in

Allocation phase



Weakest institutions

Multiyear budgeting

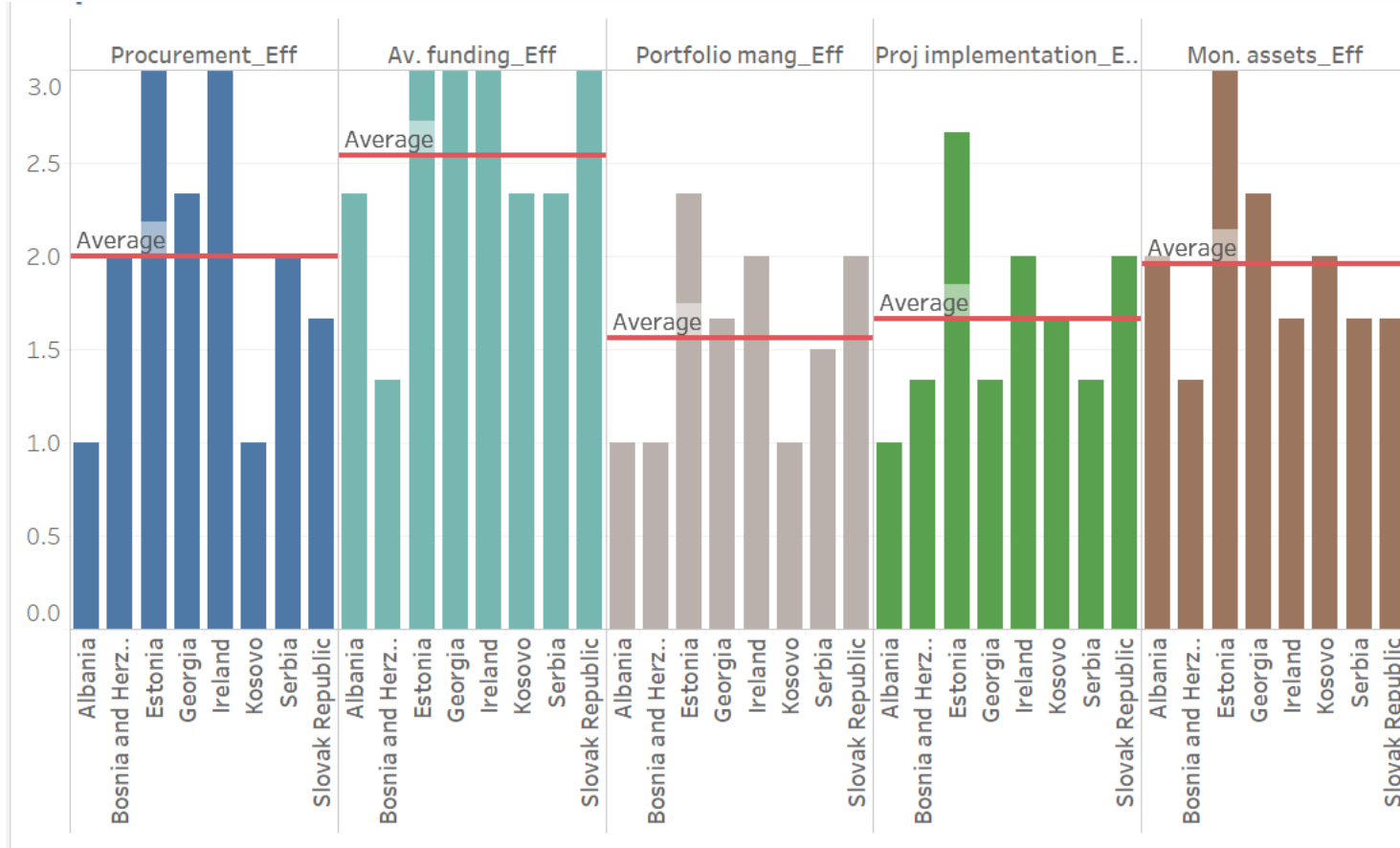
- ▶ Large deviations between budget forecast and execution
- ▶ Inadequate planning for maintenance, results in insufficient funding

Project selection

- ▶ Multiple pipelines

IMF staff, based on effectiveness scores

Implementation

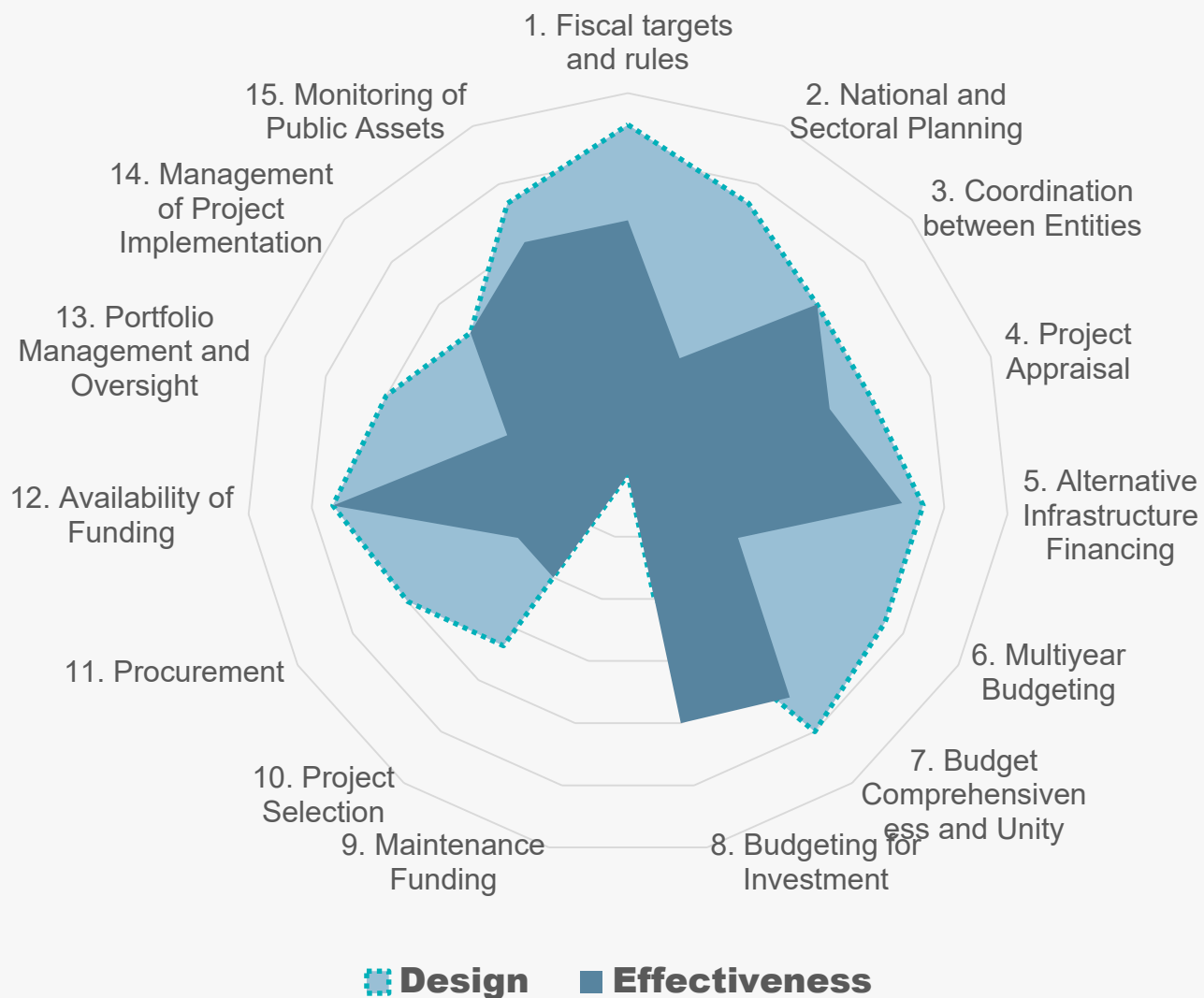


IMF staff, based on effectiveness scores

Weakest institutions

- **Portfolio management**
 - ▶ Weak project management
 - ▶ Poor systematic project implementation reviews to allow for project adjustments.
- **Project implementation**
 - ▶ No ex-post audit of major projects informing strategic planning phase and project design.

Kosovo PIMA results (2015)



| Phase / Institution | | Institutional Strength | Effectiveness |
|---------------------|----|---|--|
| A. Planning | 1 | Fiscal rules | Strong: Debt rule since 2009, deficit rule in effect since 2014, with an investment clause and automatic adjustment mechanism. |
| | 2 | National and sectoral planning | Good: National development under preparation; multiplicity of sectoral strategies with some performance measures. |
| | 3 | Central-local coordination | Medium: Debt limits constrain debt for municipalities; information for municipalities timely; no rule-based allocation of capital transfers. |
| | 4 | Public-private partnerships | Good: PPPs guided by strategy within strong institutional and legal framework, but not included in MTBF or budget documentation. |
| | 5 | Regulation of infrastructure companies | Good: Regulatory framework supports competition; prices set by independent regulators; weak financial oversight assessment of fiscal risks of POEs. |
| B. Allocation | 6 | Multi-year budgeting | Good: Multi-year ceilings of capital spending are published based on not published projections of full cost of capital projects, but not binding. |
| | 7 | Budget comprehensiveness | Medium: Budget incorporates loans and co-financed donor funding, but not externally financed grants and PPPs. |
| | 8 | Budget unity | Good: Budgets disclose capital and current appropriations in a single document in line with GFS, but project specific information is not disclosed. |
| | 9 | Project appraisal | Medium: The methodology is comprehensive; but results not published and limited risk analysis. |
| | 10 | Project selection | Medium: Most project selection carried out by BOs, broadly in line with criteria in PIP Manual; but role of MoF weak and no legal basis. |
| C. Implementation | 11 | Protection of investment | Low: Projects appropriated on annual basis only, no restrictions on virements, and restricted carryovers. |
| | 12 | Availability of funding | Good: Cash flows planned quarterly and generally released in time, but some grants outside TSA. |
| | 13 | Transparency of execution | Medium: Procurement law in line with internet standards; quarterly monitoring; limited ex post audit of projects. |
| | 14 | Project management | Medium: Major projects have project managers; adjustment rules generally in place; no ex post reviews. |
| | 15 | Assets accounting | Good: Nonfinancial assets regularly surveyed, depreciated and reported annually. |

Practical recommendations and key priority actions guiding PIM reforms

A sequenced action plan: Kosovo

| Recommendation | 2016 | 2017 | 2018 | Responsible Agency |
|--|--|--|--|--|
| 1. Implement and publish the national strategy and consolidate and cost sector strategies | <ul style="list-style-type: none"> - Finalize national strategy - Take stock of all sector strategies - Develop framework for costing of sector strategies | <ul style="list-style-type: none"> - Consolidate sector strategies and cost them - Extend the pipeline of projects and integrate with national strategy | <ul style="list-style-type: none"> - Continue consolidate sector strategies and cost them | MoF (Budget Department), MEI, OSP, BOs |
| 2. Increase transparency of budget documentation by including PPPs and POE investments and the fiscal risks related to them | <ul style="list-style-type: none"> - Include an annex in the 2017 budget for PPPs and related risks - Include an annex in the 2017 budget for public investments in POEs | <ul style="list-style-type: none"> - Include a statement of contingent liabilities related to PPPs and POEs in the 2018 financial statements - Develop IPSAS-based accounting and reporting standards for PPPs | <ul style="list-style-type: none"> - Apply IPSAS-based accounting and reporting standards for PPPs in 2017 financial statements | MoF (Budget Department, Treasury), PPP Unit, POE Unit in MED |
| 3. Include on-going project obligations versus fiscal space for new projects, and project total cost and duration in the budget documentation | <ul style="list-style-type: none"> - Design of revised format for Table 3.2 and 4.2 and include in 2017 budget documentation - Enforce reporting of multi-annual commitments in the LPFMA - Disclose multi-annual commitments in 2017 budget - Present an analysis of fiscal space for new projects in 2017 budget | <ul style="list-style-type: none"> - Disclose multi-annual commitments in an annex of the financial statements 2018 - Monitor multi-annual commitments through KFMIS | | MoF (Budget Department, Treasury) BOs |
| 4. Include subsequent maintenance costs in the planning of capital projects | | | | |
| 5. Strengthen MoF role for project appraisal and selection | | | | |
| 6. Improve the PIP system | | | | |
| 7. Establish procedures for ex post reviews | | | | |
| 8. Expand ex post audits by the Auditor General | | | | |

| Recommendation | 2016 | 2017 | 2018 | Responsible Agency |
|--|--|--|--|--|
| 4. Include subsequent maintenance costs in the planning of capital projects | <ul style="list-style-type: none"> - Conduct studies on maintenance needs - Include an "out of which" line for maintenance under Goods and Services in the 2017 budget - Scrutinize 2017 budget submissions to ensure that capital and current spending are classified appropriately | <ul style="list-style-type: none"> - Strengthen the focus on current costs of capital projects in sector strategies | | MoF (Budget Department), BOs |
| 5. Strengthen MoF role for project appraisal and selection | <ul style="list-style-type: none"> - Align institutional arrangements for taking decisions on the pipeline - Amend the regulatory framework for public investment management | | | MoF (Budget Department), OSP, MEI |
| 6. Improve the PIP system | <ul style="list-style-type: none"> - Review functionality and use of the PIP system - Develop changes in PIP system, including targeted monitoring reports - Establish an MoF quality control process for major projects and follow up BOs - Establish tracking for projects under investment clause | <ul style="list-style-type: none"> - Implement changes to the PIP database - Revise the PIP Manual - Expand the MoF quality control process to cover mid-sized projects | <ul style="list-style-type: none"> - Extend MoF quality control to other projects | MoF (Budget Department, IT Department), BOs |
| 7. Establish procedures for ex post reviews | <ul style="list-style-type: none"> - Design an ex post review process undertaken on a selected high-risk basis - Select pilot projects | <ul style="list-style-type: none"> - Conduct pilot ex post reviews | | MoF (Budget Department), BOs |
| 8. Expand ex post audits by the Auditor General | <ul style="list-style-type: none"> - Review necessary changes in legislation to permit auditor general to carry out ex post audits of projects with pending court cases | <ul style="list-style-type: none"> - Undertake ex post audits of all major projects | <ul style="list-style-type: none"> - Undertake ex post audits of all projects | Auditor General, MoF, MoJ, Prosecutorial and Judicial Councils |

Kosovo's progress

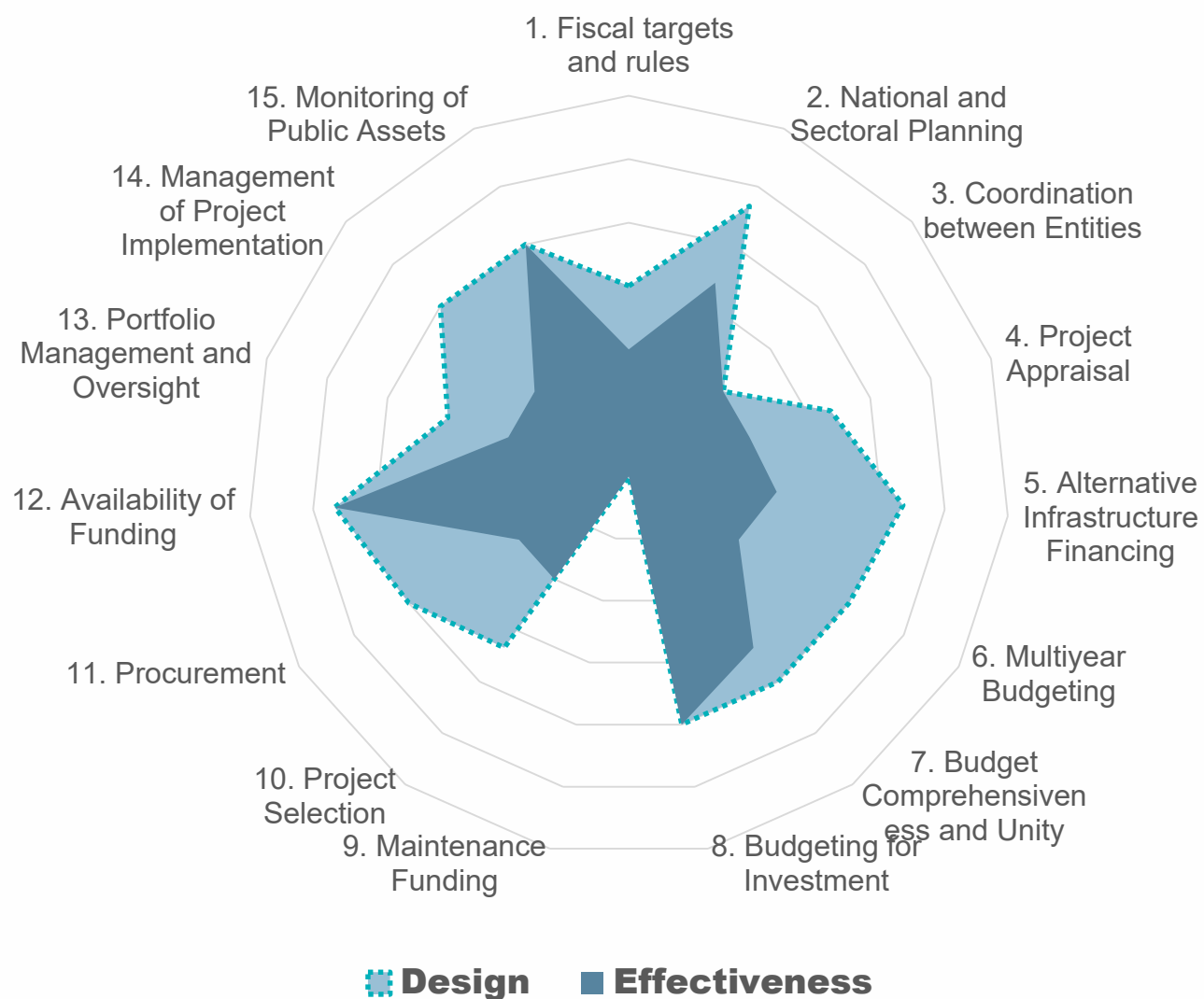
■ FAD has provided follow up support on

- Improving MTEF and control of multi-annual commitments
- Further developing the gatekeeping function of the Ministry of Finance on priority spending and approval of all new policy initiatives
- Strengthen the PIP with a unique project pipeline and improved data quality

■ Results achieved by Kosovo

- Government approved the MTEF 2020-2022 in April
- A National Development Strategy to guide public investment was developed and published in 2018
- A manual for developing sector strategies helping consolidating the number of strategic plans was produced by 40 percent
- Administrative instructions to help strengthening the capital projection selection, clarifying definitions and improving budgeting of maintenance cost have been drafted are in the process of being issued.

Albania PIMA results (2016)



| Phase / Institution | | Institutional Strength | Effectiveness |
|---------------------|----|---|---|
| A. Planning | 1 | Fiscal rules | Low: No permanent fiscal rules, no ex-post reporting on fiscal targets set in the Macroeconomic and Fiscal Framework |
| | 2 | National and sectoral planning | Good: Draft national strategy under consultation; 22 sector strategies with performance measures and medium-term costing. |
| | 3 | Central-local coordination | Medium: Borrowing limits constrain debt of LG; budget information for LG in November; no rule-based allocation of capital transfers. |
| | 4 | Public-private partnerships | Medium: PPPs regulated by law and value for money analysis required, but mandate of the MoF limited and no reporting and limits on liabilities. |
| | 5 | Regulation of infrastructure companies | Good: Regulatory framework supports competition; prices set by independent regulators; financial oversight by MoE but no consolidated report and assessment of fiscal risks of SOEs. |
| B. Allocation | 6 | Multi-year budgeting | Good: Multi-year ceilings of capital spending (by program and ministry) are published, but not binding; full cost of capital projects not published. |
| | 7 | Budget comprehensiveness | Medium: Budget incorporates loans and co-financed donor funding, but not extra-budgetary funds, SOEs and PPPs. |
| | 8 | Budget unity | Good: Budgets disclose capital and current appropriations in line with GFS 1986 in a single document. |
| | 9 | Project appraisal | Medium: Cost benefit analysis conducted, but not published; standard approval process of projects; not operational risk assessment guidelines. |
| | 10 | Project selection | Medium: Central guidelines for selection criteria exist, but variation among sectors, fragmented process and limited MoF oversight. |
| C. Implementation | 11 | Protection of investment | Medium: Virements between capital and current not allowed; limited carryover provisions, but project outlays appropriated annually only. |
| | 12 | Availability of funding | Good: Cash flow forecasts updated monthly; cash released on time; some external financing held in Central Bank. |
| | 13 | Transparency of execution | Medium: Procurement law in line with international standards; no monitoring for LG and SOEs; ex-post audits focus on foreign financed projects. |
| | 14 | Project management | Medium: Project managers assigned; project adjustments subject to MoF approval; but few ex-post reviews and weaknesses in project management. |
| | 15 | Assets accounting | Medium: Nonfinancial assets regularly surveyed and depreciated, but no unified accounting rules. |

Albania's progress

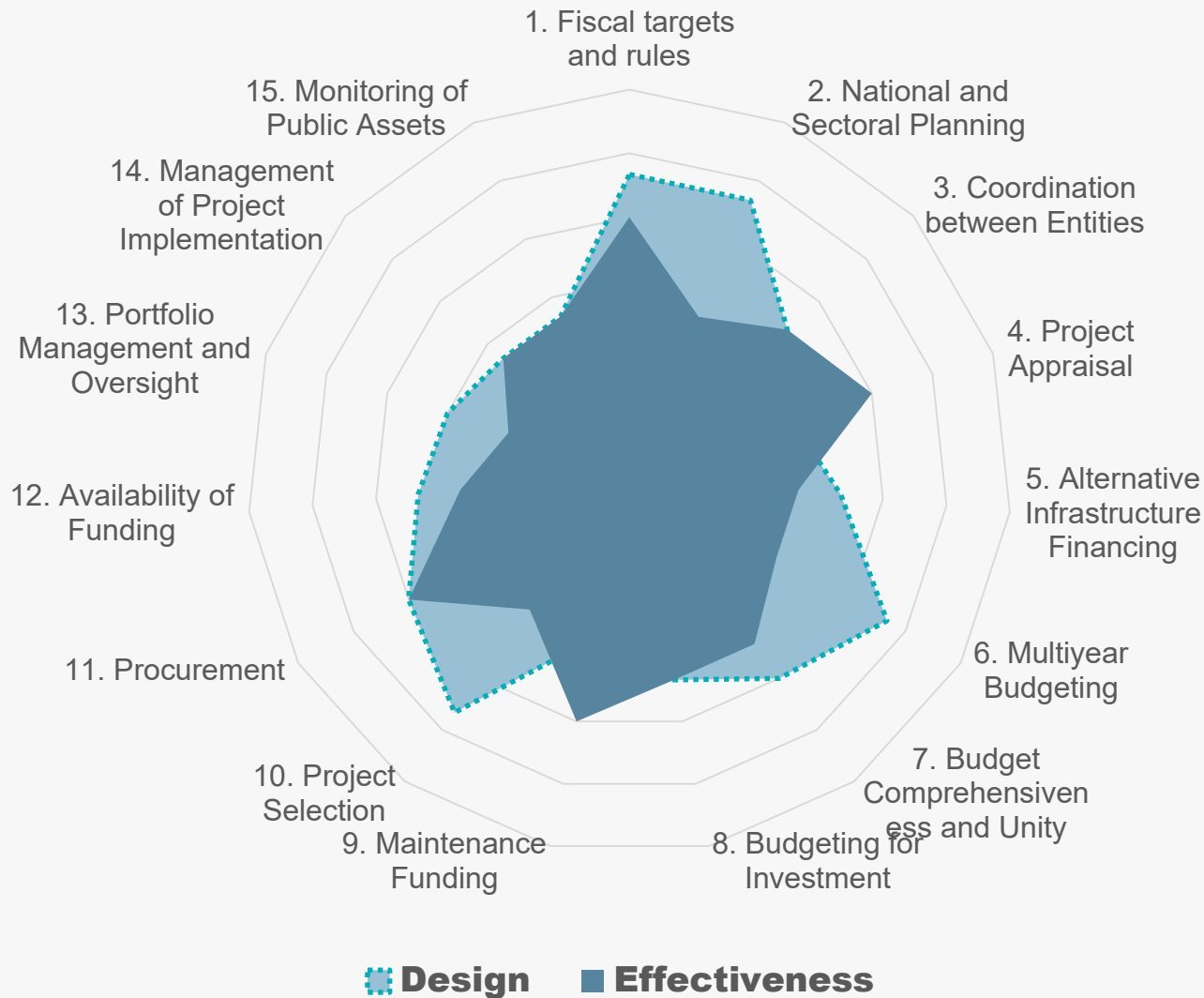
■ FAD has provided follow up support on

- Improving PIM process
- Strengthening planning and oversight of PPPs
- Managing the fiscal risks associated with PPPs (PFRAM)
- Institutional set up for managing PPPs

■ Results achieved by Albania

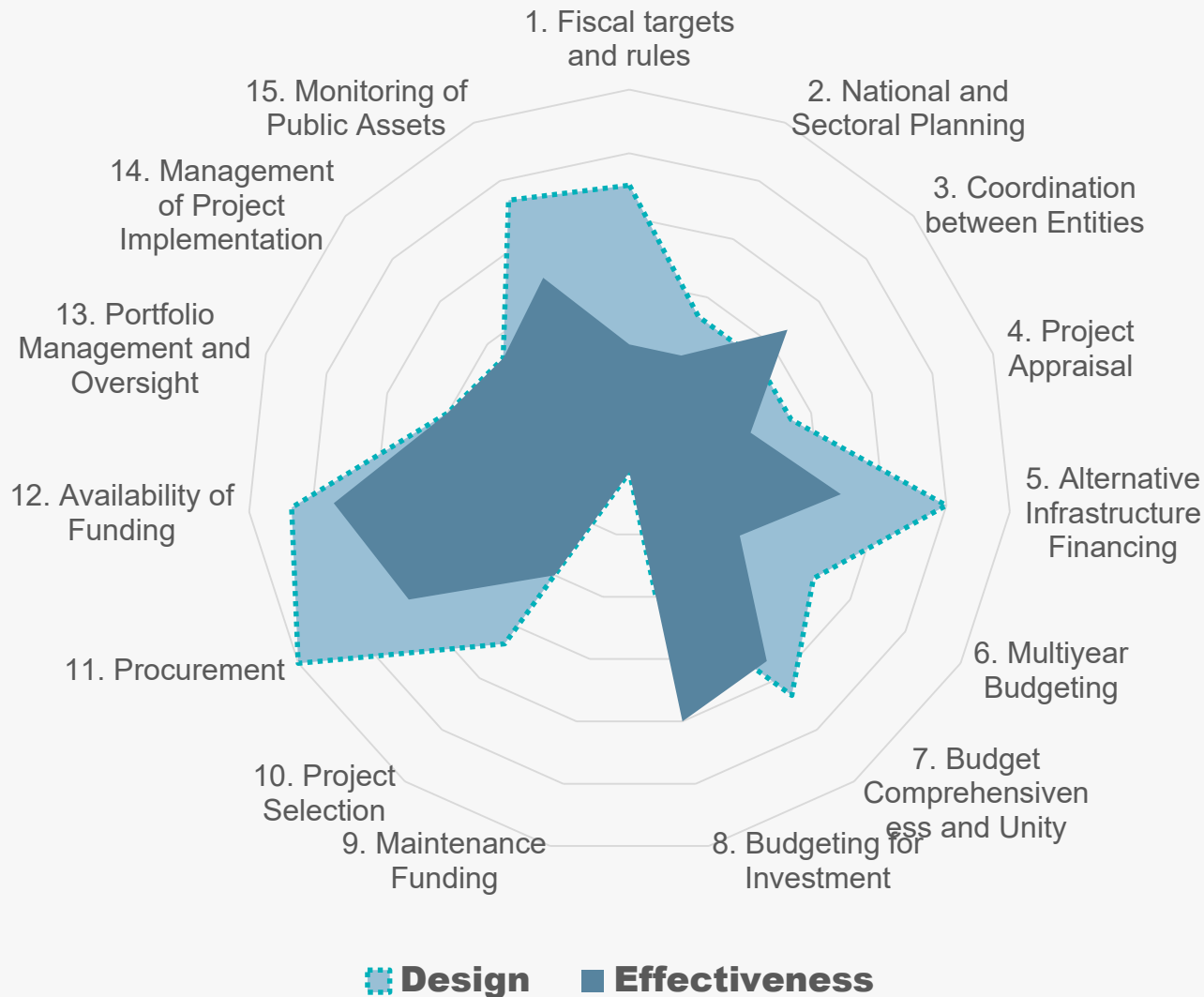
- A PIM unit was established and staffed in 2017
- A new instruction with standard forms was approved in 2018 covering project appraisal, review and selection mechanism for on-budget investments
- Amendments to the PPP Law to strengthen the oversight and remove single source bid was drafted
- A fiscal risk statement including risks from SOEs and PPPs was published in the 2018 budget documentation.

B&H PIMA results (2018)



| Phase / Institution | | Institutional strength | Effectiveness |
|---------------------|----|---|--|
| A. Planning | 1 | Fiscal rules Good: Golden rule allows borrowing for capital spending. Debt accumulation is relatively well constrained, and new debt law will enhance oversight of Public Enterprises, and introduce overall debt rule and debt brakes. | Medium: In practice, golden rule circumvented by cantons which accumulate arrears, and enforcement mechanism is weak. Oversight of public corporations is similarly weak. |
| | 2 | National and sectoral planning Medium: Allocation decisions are grounded in a process that links development and sectoral strategies, medium-term programs, investment plans and MTBFs, although with varying quality of costing and measurable targets. | Low: Effectiveness of the system is undermined by proliferation of planning documents that are vertically disconnected between government levels. |
| | 3 | Central-Local coordination Medium: Functioning debt caps for the Federation and its SNGs are in place and larger capital spending is coordinated with the center. | Medium: Federation SNGs are within the prescribed debt limits with coordinated capital spending for larger projects but under-execution remains a concern. |
| | 4 | Public-private partnerships Low: PPP laws are fragmented and no overall law at Federation level. | Low: Complex approval process and fragmented laws have discouraged private investors. Reporting requirements are weak. |
| | 5 | Regulation of infrastructure companies Medium: Regulatory bodies exist in key infrastructure sectors, but some sectors such as electricity are burdened by numerous laws. No set up exists for oversight of investment by public enterprises. | Medium: Competition has remained limited. Strong domination by public corporations in normally competitive sectors such as energy and telecom. Price structure in energy discourages competition. |
| B. Allocation | 6 | Multi-year budgeting Medium: Three-year medium-term budget framework defined within FBH. However, its projections are indicative and information on projects are limited. | Low: Large revisions and poor execution of the capital spending undermine credibility of medium-term budgeting. |
| | 7 | Budget comprehensiveness Medium: Significant share of capital investment done through public corporations and extrabudgetary funds. But this is shown in the budget. However, information on PPPs is not shown. | Medium: A list of main externally funded capital projects are shown in the capital budget but not fully integrated. But capital spending by ministries and programs is not comprehensive. |
| | 8 | Budget unity Good: Capital and recurrent budgets are prepared and shown separately for each ministry but not by program. Budget classification has improved over the last years. | Medium: Budget classification is not uniformly applied across entities. Recurrent capital and maintenance costs can be misclassified. |
| | 9 | Project appraisal Low: No government-issued requirements or methodology for CBA, but risks and mitigation measures are considered. | Medium: All major projects are externally-financed, and creditors impose CBA and risk assessment, but the results are not published. |
| | 10 | Project selection Medium: Standard criteria inform a limited central review before projects are included in the PIP, with more stringent requirements for some projects in a parallel pipeline driven by the EU accession agenda. | Low: Political considerations inform final decisions and effectiveness and quality could be improved by integrating criteria for the pipelines. |
| C. Implementation | 11 | Protection of investment Medium: Capital projects are budgeted on a yearly basis. However, unspent appropriations can be carried over and in-year transfers are constrained. | Medium: Investment has been protected due to relative predictability of external funding. However, large overall under-execution may jeopardize funding, particularly in the case of "use-it-or-lose-it" donor support. |
| | 12 | Availability of funding Medium: Cash is predictable for externally funded projects. Cash rationing dominates and arrears at Cantonal level estimated to be around 3 percent of FBH GDP. | Medium: Current system risks creation of arrears, lack of funding predictability could result in delayed project completion. |
| | 13 | Transparency of execution Medium: A competitive and open tendering process is in place with limited monitoring and delays are frequent, monitoring undertaken mainly through line ministries and few audits of domestically financed projects. | Low: Project monitoring is generally weak, often resulting in implementation delays. Selective tendering is used frequently. External audits are effective, but weaknesses tend to re-occur. |
| | 14 | Project management Low: Assignment of qualified project managers or project management units is not yet consistent; no rules for project adjustments, ex-post evaluations are rarely conducted. | Low: Project supervision, other than for donor-financed projects, is not systematic. Large project adjustments due to delays are permitted without systematic review. |
| | 15 | Accounting for public assets Low: Fixed assets recorded on balance sheets at cost, but data is unreliable, depreciation is not charged in the operating statement and asset surveys are not comprehensive. | Low: Incomplete and inaccurate data in balance sheets and lack of clarity on asset ownership impede proper recording and monitoring of assets. |

Serbia PIMA results (2016)



| Phase / Institution | | Assessment | Performance |
|---------------------|----------------------------------|---|--|
| A. Planning | 1 Fiscal rules | Medium: Deficit and debt rules exist since 2011, with an investment clause but parameters expired in 2015. No automatic adjustment mechanism when the target is not met. | Low: The debt rule has never been adhered to and debt has almost doubled since 2011 (to 77 percent of GDP in 2015). Capital spending is not protected in practice. |
| | 2 National and sectoral planning | Low: Sectoral strategies are prepared without investment costing or measurable targets. A national strategy is under preparation. | Low: Over 200 strategies are in place at the central and subnational levels but without clear coordination or costing. |
| | 3 Central-local coordination | Medium: Debt limits constrain debt for local governments and most transfers from central governments are rule-based and somewhat timely. But no rules for capital transfers and no coordination of plans with the central government. | Medium: Local governments respect legal limits for debt. However, in practice they face uncertainty regarding rules which govern transfers. |
| | 4 Public-private partnerships | Medium: PPP projects submitted to the PPPC are subject to VFM. But no PPP strategy in place and no systematic recording of PPP explicit or contingent liabilities. | Low: The PPP capital stock stands at 4.2 percent of GDP but is most likely underestimated. Several projects are planned without costing and are not submitted to the PPPC. |
| | 5 Regulation of infra. Cos. | Good: Markets have been progressively liberalized and independent regulatory agencies established. | Medium: The Fiscal Risk Unit is not operational and reporting on fiscal impact of PE operations is incomplete. |
| B. Allocation | 6 Multi-year budgeting | Medium: Detailed medium-term forecasts exist for some but not all sectors and costing information is limited. | Low: The credibility of projections is weak and the full cost of projects is available only on an ad-hoc basis. |
| | 7 Budget comprehensiveness | Medium: The legal and institutional framework allows for selective inclusion of capital spending and treatment of externally-funded projects. | Medium: All capital spending is not undertaken through the budget—ex-budgetary capital spending by PEs is estimated as 5.6 percent of GDP in 2015. |
| | 8 Budget unity | Good: The budget process is mostly unified. | Medium: Recurrent costs are not fully included in the budget, reflecting the fragmentation of responsibilities for maintenance between central and local governments. |
| | 9 Project appraisal | Low: There are no standardized guidelines for appraisal or comprehensive assessment of risks. | Low: The current appraisal process does not ensure that projects are mature or cost effective. |
| | 10 Project selection | Medium: A project pipeline exists but is not comprehensive and the selection process is not institutionalized. | Low: There is no clear link between the project selection and budget processes. |
| C. Implementation | 11 Protection of investment | Low: Information on capital projects is not readily available and decisions on reallocations and carryovers are discretionary. | Medium: Budget information on projects is available but in a fragmented manner, leading to inconsistent treatment of projects during implementation. |
| | 12 Availability of funding | Good: Effective cash flow planning and treasury management contribute to effective in-year execution of capital funding. | Good: Cash is usually released in a timely manner though there are some challenges related to late budget adoption and inconsistencies in the approach to external funding. |
| | 13 Transparency of execution | Medium: While procurement rules generally meet EU requirements, monitoring is left up to ministries, and ex-post audits are limited to donor-funded projects. | Low: The absence of central monitoring and ex-post audits limits transparency and reflects weak and fragmented institutional oversight. |
| | 14 Project management | Low: While some projects are well managed, there are significant shortcomings in the general management and control of projects during execution. | Medium: Weak project management leads to significant delays and cost overruns while the absence of government-led ex-post reviews precludes effective learning from past mistakes. |
| | 15 Assets accounting | Medium: While rulebooks prescribe the recording and accounting of assets, lack of clarity over ownership undermines their application. | Medium: Absence of effective central oversight and fragmented responsibilities undermine the quality of the resulting financial statements. |

Serbia's progress

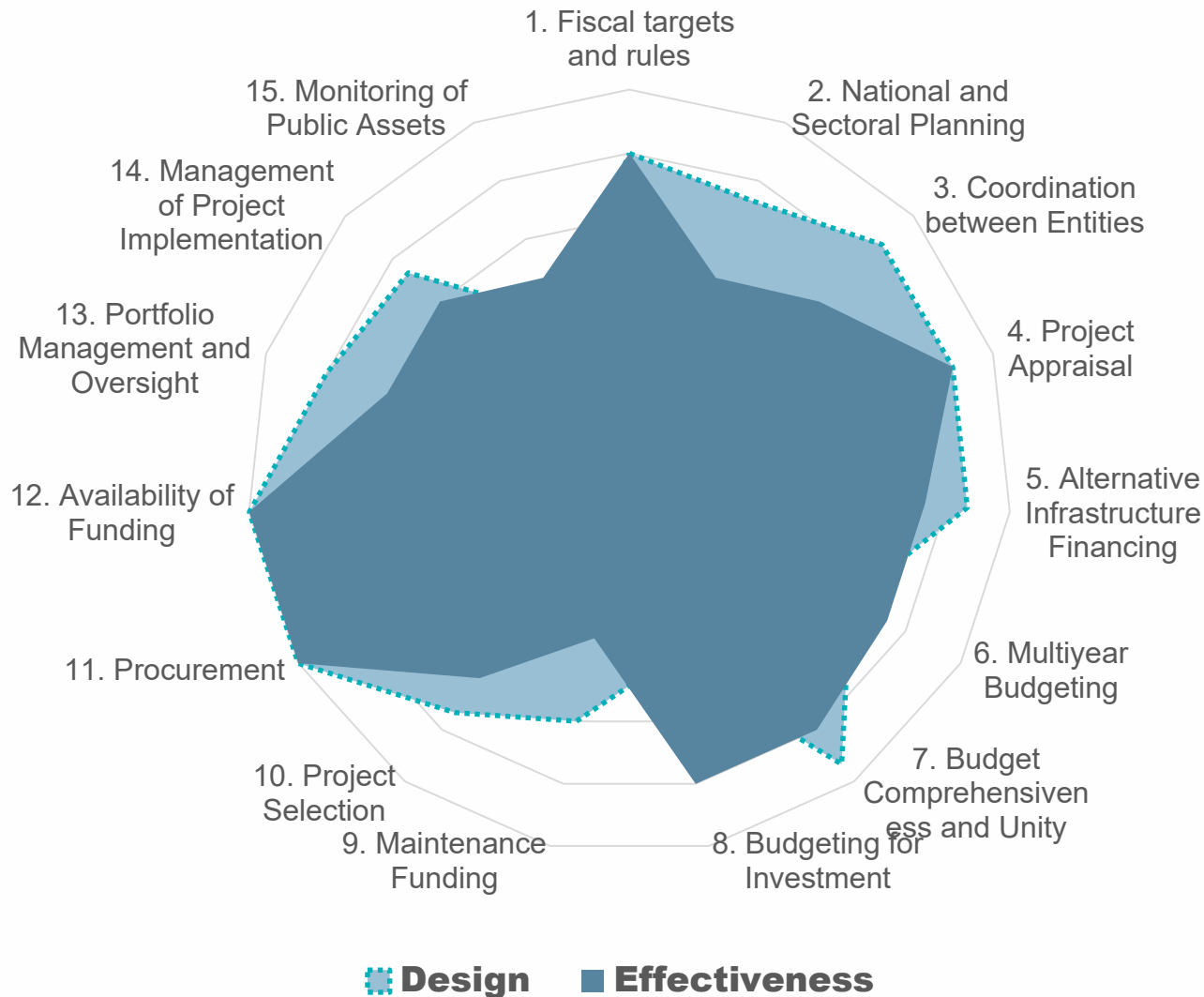
■ FAD has provided follow up support on

- Implementation of a capital investment regulation requiring developing a database to support planning and oversight of PIM

■ Results achieved by Serbia

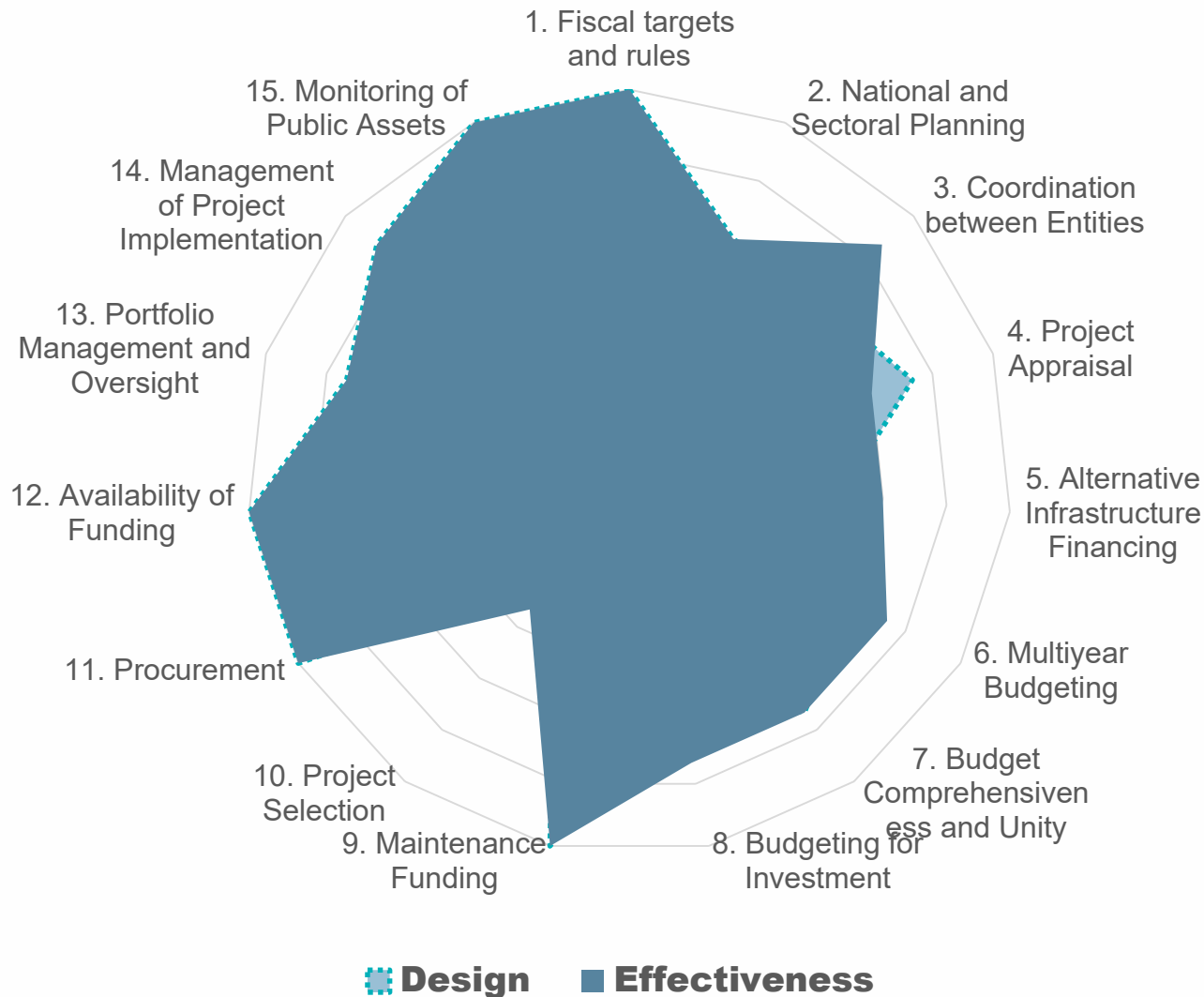
- The regulation on capital investments was approved in 2017 but the coverage of decree is about to be amended to cover all projects regardless of financing
- PIM System design underway

Ireland PIMA results (2017)



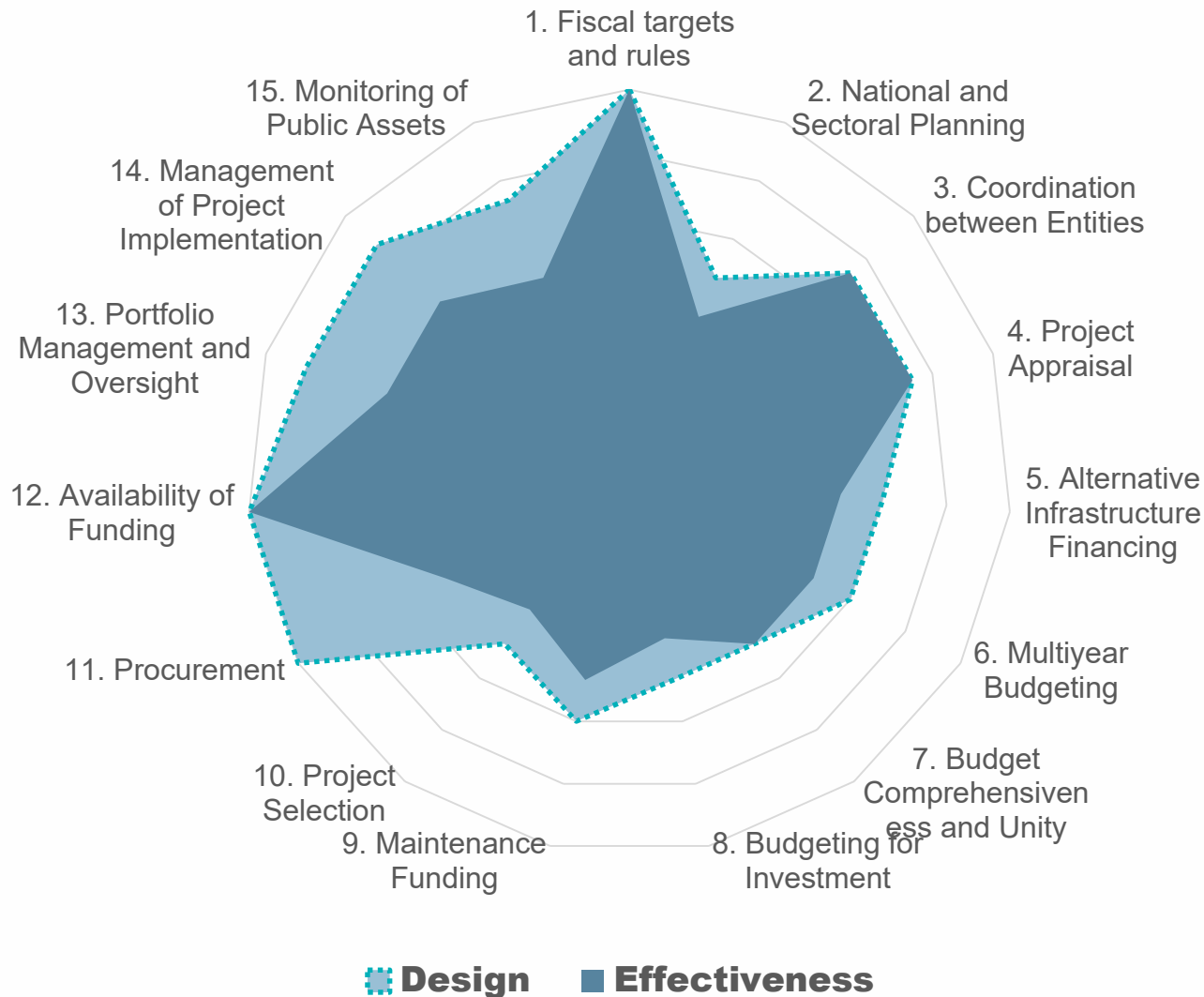
| Phase / Institution | | Institutional Strength | Effectiveness |
|---------------------|----|--|--|
| A. Planning | 1 | Fiscal rules Good: European fiscal rules, including structural balance and debt reduction targets are broadly complied with. | Medium: Fiscal rules are highly complex, and volatile Irish GDP makes them difficult to comply with. |
| | 2 | National and sectoral planning Medium: A wide array of national and sector strategies are published, but loosely connected to DPER's capital plan and not well costed. | Medium: Information on capital projects, costs and performance targets in the NSP/sector/SOE plans is of varying specificity and quality. |
| | 3 | Central-local coordination Medium: Borrowing by local governments is restricted by law, but SNGs have little flexibility in their spending envelope or choice of projects. | Medium: Decisions on investments by local governments are largely formula-driven from the center, though there are consultations with central departments. |
| | 4 | Public-private partnerships Good: PPPs are regulated by a comprehensive framework of laws and procedural guidelines, aligned with international good practice. | Medium: Overall spending on PPPs has increased considerably, as allowed by the current fiscal rules. |
| | 5 | Regulation of infrastructure companies Good: Infrastructure markets are either open to international competition, or operate as well regulated domestic monopolies. | Good: Foreign companies account for a high market share, three-quarters of the public companies publish their financial reports. |
| B. Allocation | 6 | Multi-year budgeting Medium: Medium-term capital expenditure ceilings are in place, though medium-term forecasts are patchy, and no information of major projects is included in the budget. | Medium: Ceilings are not always adhered to, as increased revenues and fiscal space are allocated. No public reporting of lifetime project costs or benefits. |
| | 7 | Budget comprehensiveness Good: Data on capital spending by extra-budgetary funds is limited, with EU-funded spending included in the budget, and investment by Public Corporations is well managed. | Medium: Information on PPP and SOE investments is published separately from the main budget documents. |
| | 8 | Budget unity Good: Estimates of capital and recurrent spending are well integrated in the budget, and follow a GFS/ESA-compliant classification. | Medium: Data on spending on individual investment projects is fragmented; little information on maintenance spending. |
| | 9 | Project appraisal Good: Economic appraisal using standard methodologies, which include risk analysis is required for all projects >€20 million. Central support provided by the Irish Government Economic and Evaluation Service (IGEES). | Good: Standard appraisal methodologies are consistently applied for major projects. Effective ongoing capacity building. Non-publication of appraisals is an issue. |
| | 10 | Project selection Medium: DPER reviews all economic appraisals, but limited external input. Selection criteria exist, but are not unified. Pipelines exist at department/sector level. | Medium: Reviews during budgeting are cursory and not attentive to changes in project scope and cost; application of selection criteria is not transparent. |
| C. Implementation | 11 | Protection of investment Medium: Capital outlays are appropriated annually; virements between capital and current expenditure are subject to DPER approval; carryover of up to 10 percent is allowed. | Good: Strong legal institutions ensure continuity of funding for ongoing projects, even during severe fiscal consolidation, and the virement facility is used exceptionally. |
| | 12 | Availability of funding Good: The legal/procedural basis for cash management is comprehensive, and well aligned with international good practice. | Good: Cash forecasting and cash management are well executed across government, with timely release of funds. |
| | 13 | Transparency of execution Medium: Open and competitive procurement in line with EU directives, monitoring largely performed at department level; no ex post audits of individual projects. | Medium: C&AG's office focused on financial rather than performance auditing; departmental monitoring works well; active monitoring at DPER level is under-developed. |
| | 14 | Project management Good: Project management structures and guidance are well established, including rules for adjustments and fundamental review; post project review mandatory for major projects. | Medium: Fundamental review of projects is very infrequent. Non-publication of post-project reviews is not good for lesson-learning and transparency. |
| | 15 | Assets accounting Low: A comprehensive asset survey is not carried out, but data are available for some sectors. No information on infrastructure assets in financial accounts. | Medium: Mixed ownership of state infrastructure assets leads to confusion over responsibilities, and is a major challenge to asset management. CSO compile estimates of capital stock and depreciation. |

Estonia PIMA results (2018)



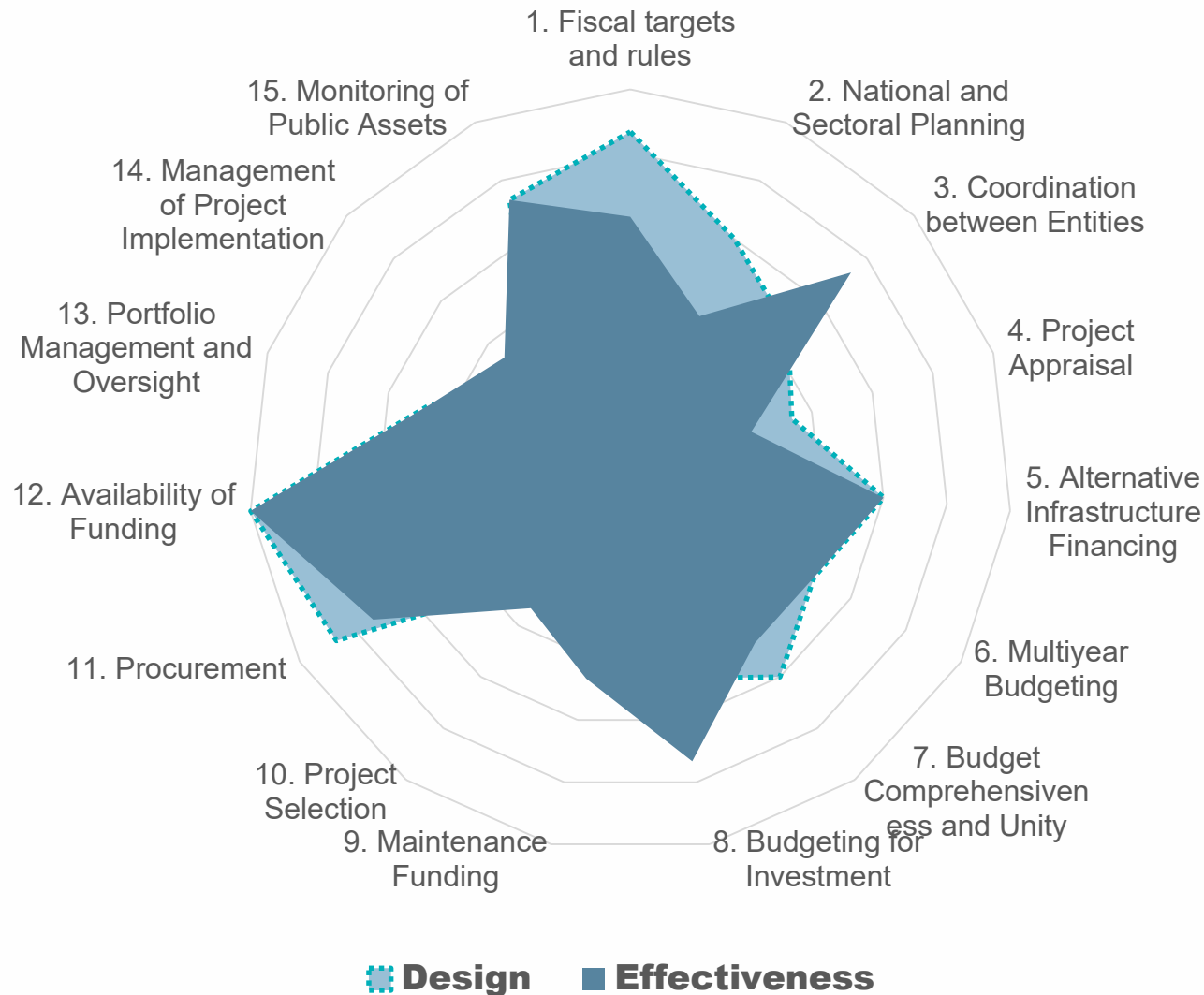
| Phase/Institution | | Institutional Design | Effectiveness |
|-------------------|----|--------------------------------------|--|
| A. Planning | 1 | Fiscal principles or rules | High: Estonian law prohibits a general government structural deficit, and Eurozone rules also apply. |
| | 2 | National and sectoral plans | Medium: National and sectoral plans cover few specific investment projects and are not linked to the MTF. |
| | 3 | Coordination between entities | Medium: Information on SNG capital spending and SNG/SOE contingent liabilities is available, but there are no formal discussions or monitoring. |
| | 4 | Project appraisal | Medium: There is some central support, but no standard appraisal methodology. Appraisals are done for EU projects as prescribed. |
| | 5 | Alternative infrastructure financing | Low: No published strategy or framework for PPPs, nor is there direct central oversight of SOE investments. |
| B. Allocation | 6 | Multi-year budgeting | Medium: Medium-term budget planning is well-developed, but total project costs are not monitored. |
| | 7 | Budget comprehensiveness and unity | Medium: Own investment by EBFs and SOEs is significant but not included in budget documentation. |
| | 8 | Budgeting for investment | Low: There is no formal mechanism to protect funding of ongoing projects. |
| | 9 | Maintenance funding | High: Maintenance funding is costed, planned, monitored, and reported. |
| | 10 | Project selection | Low: There is no central project pipeline across sectors irrespective of funding source; major projects are not reviewed centrally or by an independent expert. |
| C. Implementation | 11 | Procurement | High: Procurement process is open and managed on a comprehensive e-procurement platform. |
| | 12 | Availability of funding | High: Cash availability is managed through a TSA. |
| | 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. |
| | 14 | Project implementation | High: Responsibilities for project implementation are assigned, and rules in place for contract adjustments. |
| | 15 | Management of public assets | High: System for asset management exists, and assets are included in financial statements. |

Slovakia PIMA Results (2019)



| Phase/Institution | | Institutional Design | Effectiveness |
|-------------------|----|---|---|
| A. Planning | 1 | Fiscal principles or rules High: Fiscal rules provide a strong basis for planning and executing public investment and ensure debt sustainability. | High: EU fiscal rules are effectively applied, but the MoF is working on improvements (e.g., an expenditure rule). |
| | 2 | National and sectoral plans Medium: Strategic framework for public investment is largely missing, except ESIF, which represents two thirds of capital spending. | Low: Lack of coordination between regional and sectoral strategies during the investment allocation decision; lack of systematic costing, measurable outcome/output targets, and an adequate monitoring framework. |
| | 3 | Coordination between entities Medium: Coordination is good in negotiating EU-funded programs, but not for coordination of SNGs' own investment plans with the CG. | Medium: Overview of large projects and planned sources of funding is available, but implementation plans are lacking, and financing is uncertain. |
| | 4 | Project appraisal Medium: Major projects appraised on standard methodology but results not published. Risk assessments are conducted but mitigation measures not costed. | Medium: Some estimates used in CBA (e.g., traffic data) unreliable, and project costs underestimated. Contingencies are budgeted (typically 10 percent of project costs). |
| | 5 | Alternative infrastructure financing Medium: There is a sound regulatory framework for economic infrastructure and PPPs but MoF's role as a gatekeeper for PPPs and monitoring of SOEs is weak. | Medium: SOEs account for nearly 50 percent of public investment and are subject to limited financial oversight. No monitoring of PPPs' financing and risks in the MoF's PPP unit. |
| B. Allocation | 6 | Multi-year budgeting Medium: Multi-year horizon exists for capital spending disaggregated by ministry. Rolling 3-year MTBF for spending units and programs, with indicative ceilings. Detailed projection cost information on EU-financed projects but not for budget funded projects. | Medium: The ceilings have been changed substantially in recent years. EU financed investment numbers change as information on specific projects and co-financing firm up during the year. Limited data published on project costs. |
| | 7 | Budget comprehensiveness and unity Medium: Significant spending undertaken by SOEs and social security funds. Capital and recurrent budgets prepared together. | Medium: Lack of detailed information in budget documents at project level. |
| | 8 | Budgeting for investment Medium: Spending authorized annually. MoF makes substantial in-year budget changes without legislative approval. | Low: Budget execution is loose, with excessive use of carryovers that are not transparently reported. Large deviations between budgets estimates and outturns (40 percent on average for capital spending over 5 years). |
| | 9 | Maintenance funding Medium: Sector methodologies used to determine routine and capital maintenance costs, which can be identified in the budget. | Medium: Resources allocated for maintenance are less than required. 10 percent of all bridges in the network in a very bad state. |
| | 10 | Project selection Medium: Major projects are reviewed by a central ministry, but no independent review. No published criteria for project selection. | Low: No integrated pipeline of appraised and approved major projects. No PIM unit to implement the task. |
| C. Implementation | 11 | Procurement High: Most large procurements follow open, transparent procedures. Comprehensive procurement database. Complaints are reviewed fairly. | Medium: Uncompetitive practices still prevail. 45 percent of GG procurement procedures have less than 3 bidders and 45 percent include non-compliance (mainly in SNGs). |
| | 12 | Availability of funding High: Cash availability is managed through a TSA, credible cash plans, and good cash and debt management coordination. | High: Treasury ensures timely cash availability for capital spending. |
| | 13 | Portfolio management and oversight High: All major projects (mainly EU financed) are centrally monitored, funds can be re-allocated between projects, and systematic ex-post reviews exist for EU financed projects. | Medium: Ministries monitor the projects but no central monitoring and rare ex-post reviews for budget funded projects. |
| | 14 | Project implementation High: Standardized rules for cost adjustment is in place and used. Some projects are subjected to external audit. | Medium: Cost overruns between 4-10 percent and time overruns average 12 months. External audits for projects are limited. |
| | 15 | Management of public assets Medium: A central electronic asset registry system exists but the register excludes data on the cost or physical condition of assets. The carrying value of nonfinancial assets and their depreciation are reported in the GG financial statements. | Medium: Financial statements make no adjustments for changes in the market value of assets. |

Georgia PIMA Results (2017)



| Phase/Institution | | Institutional Design | Effectiveness | |
|-------------------|----|---|--|---|
| A. Planning | 1 | Fiscal principles or rules | High: There are permanent legal limits for general government fiscal aggregates. | Medium: Fiscal policy is insufficiently predictable. The expenditure ceiling has been breached 3 years out of 4. |
| | 2 | National and sectoral plans | Low: The only national and sectoral strategies are not comprehensive and only cover new initiatives. | Low: The strategies' definitions of public investment objectives are not consistent with efficient investment. |
| | 3 | Coordination between entities | Medium: Capital transfers from CG to SNGs are on a project-by-project basis, but with a high degree of co-ordination. No formal reporting process of contingent liabilities to central gov. | Medium: Estimated contingent liabilities are disclosed with central gov. budget documents. Contingent liabilities of PCs (20.6% GDP) and PPAs (33.7% GDP). |
| | 4 | Project appraisal | Low: Projects not funded by donors are not subject to a standard appraisal process or methodology. | Low: On average, 60% of projects are domestically funded. The new PIM methodology has not yet been implemented. |
| | 5 | Alternative infrastructure financing | Medium: There is limited or no competition in most infrastructure markets. Monitoring of PCs fragmented. | Medium: PPP law approved, but regulatory framework not completed. PCs monitoring improving, but investment not addressed. |
| B. Allocation | 6 | Multi-year budgeting | Medium: Multi-year capital ceilings are not identified separately, and total construction costs are not published. | Low: Total construction costs beyond the BDD framework for major projects are not actively provided or updated in the system. |
| | 7 | Budget comprehensiveness and unity | Medium: Investments undertaken through extra-budgetary entities without disclosure or legislative authorization. | Medium: Investments outside of the budget process are significant, but information reported in FRS. |
| | 8 | Budgeting for investment | Medium: There are no mechanisms to give priority to on-going capital projects in the budget process. | Medium: informally, ministries inform MoF of on-going capital project expenditures for future budget years. |
| | 9 | Maintenance funding | Low: No standard methodology for maintenance requirements or to track maintenance funding. | Medium: Maintenance in the roads sector has a methodology, which has led to increased maintenance budgets. |
| | 10 | Project selection | Low: No standard project selection procedures and there is no project pipeline in place. | Low: there is no evidence that the new PIM selection procedures are getting ready to be implemented soon. |
| C. Implementation | 11 | Procurement | High: procurement system is open and transparent. E-procurement system enables monitoring and tracking of complaints. | Medium: Complaint review board not independent and analytical reports can be improved. |
| | 12 | Availability of funding | High: Flexible commitment rules and good cash management for domestic and donor funds. | High: No case in recent years of payments being delayed due to lack of funds. |
| | 13 | Portfolio management and oversight | Medium: Physical and financial monitoring not performed systematically; no ex post reviews; flexible re-allocation. | Medium: Project reallocations of all types (incl. econ class) were 43 percent of MRDI's capital budget in 2016. |
| | 14 | Project implementation | Low: No implementation plans prepared; no guidance on project adjustments; ex-post audits irregular. | Low: No individual project audits were completed by SAO during 2015-2017. |
| | 15 | Management of public assets | Medium: Assets registered but without revaluation; non-financial assets and depreciation in financial statements. | Medium: SAO verifies ministry asset records on sample basis. |

Catalyst for stronger coordination



- Participation of other International Organization in PIMA missions
- PIMA recommendations and action plan supported by other IO capacity development plans
- Peer to peer collaboration and learning

PPP Fiscal Risk Assessment Model (PFRAM 2.0)



- Launched in April 2016, updated in September 2019
- Joint IMF-WB long-term collaboration
- Analytical tool to assess the potential fiscal costs and risks arising from PPP projects
- Used extensively in IMF and World Bank capacity development activities including:
 - Direct support to country authorities
 - Regional training workshops— MoF, line ministries and public corporations.

PFRAM Experience

Multiple ways of engagement

Capacity
Development
to country
authorities

- Georgia
- Cambodia
- Niger
- Albania
- Turkey
- Senegal
- Botswana
- Montenegro
- Nigeria
- Morocco
- Argentina

Regional
Workshops

- CASTAC
- OIF, Francophone Africa
- Ghana, AFE
- CARTAC
- Mauritius, AFS
- Austria, JVI

Presentations
& Outreach

- Sub-Saharan Africa Trade & Economic Forum
- OECD Infrastructure Governance and PPP Forum

PPP related capacity building in the region

- **Albania**

- MoF Training PFRAM 2017, 2018 (IMF-WB)
- Assessment of institutional and legal framework supporting PPPs (2017, 2019)

- **Montenegro**

- Training PFRAM to multi-agency group 2019
- Assessment of legal framework supporting PPPs (2018, 2019)

- **Georgia**

- MoF Training 2018
- Use of PFRAM estimations as indication to budgeting PPPs in MTFE

Going Forward

- This is the first European regional workshop on Infrastructure Governance!
- Authorities interested in new PIMAs, PFRAMs activities
 - North Macedonia plans to undertake a PIMA in January 2020
 - Montenegro PPP/ PFRAM capacity building activities continues, February 2020
 - Georgia support to including PPPs in MTFP continues
- Promoting tailored follow up, experience sharing and peer-learning
- **Infrastructure Governance European Regional Network !!!**