

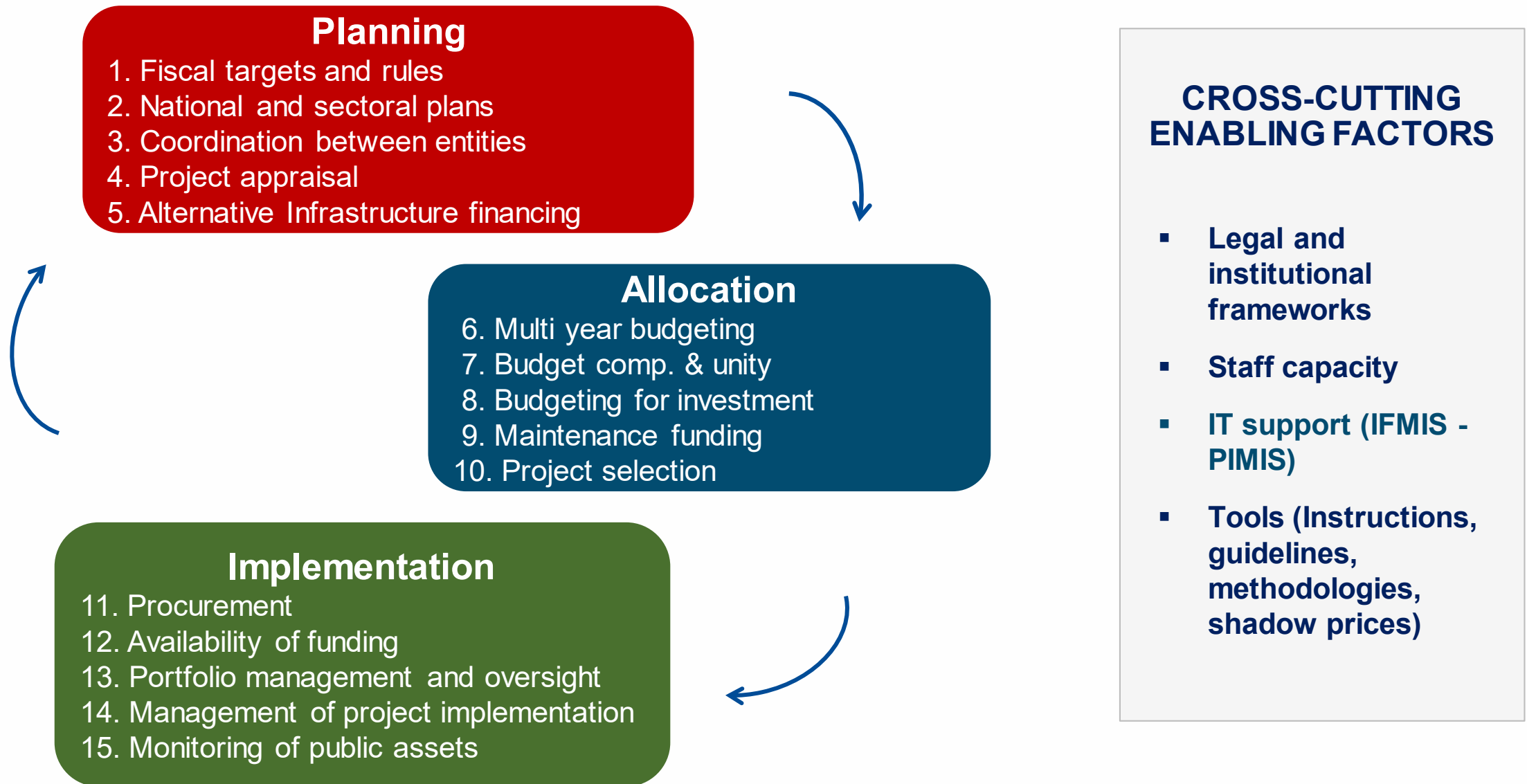


Role of Ministries of Finance in Infrastructure Governance

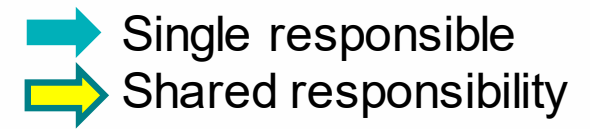
OCTOBER 8, 2020

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Public Investment Management Expert

Public Investment Management Assessment Framework



Who is typically responsible?



Ministry of Finance

1. Fiscal targets and rules
- 2.
3. Coordination between entities
4. Project appraisal
5. Alternative Infrastructure financing

6. Multi year budgeting
7. Budget comprehensiveness and unity
8. Budgeting for investment
9. Maintenance funding
10. Project selection

- 11.
12. Availability of funding
13. Portfolio management and oversight
- 14.
15. Monitoring of public assets

Planning

1. Fiscal targets and rules
2. National and sectoral plans
3. Coordination between entities
4. Project appraisal
5. Alternative Infrastructure financing

Allocation

6. Multi year budgeting
7. Budget comprehensiveness and unity
8. Budgeting for investment
9. Maintenance funding
10. Project selection

Implementation

11. Procurement
12. Availability of funding
13. Portfolio management and oversight
14. Management of project implementation
15. Monitoring of public assets

Other Ministries or Agencies

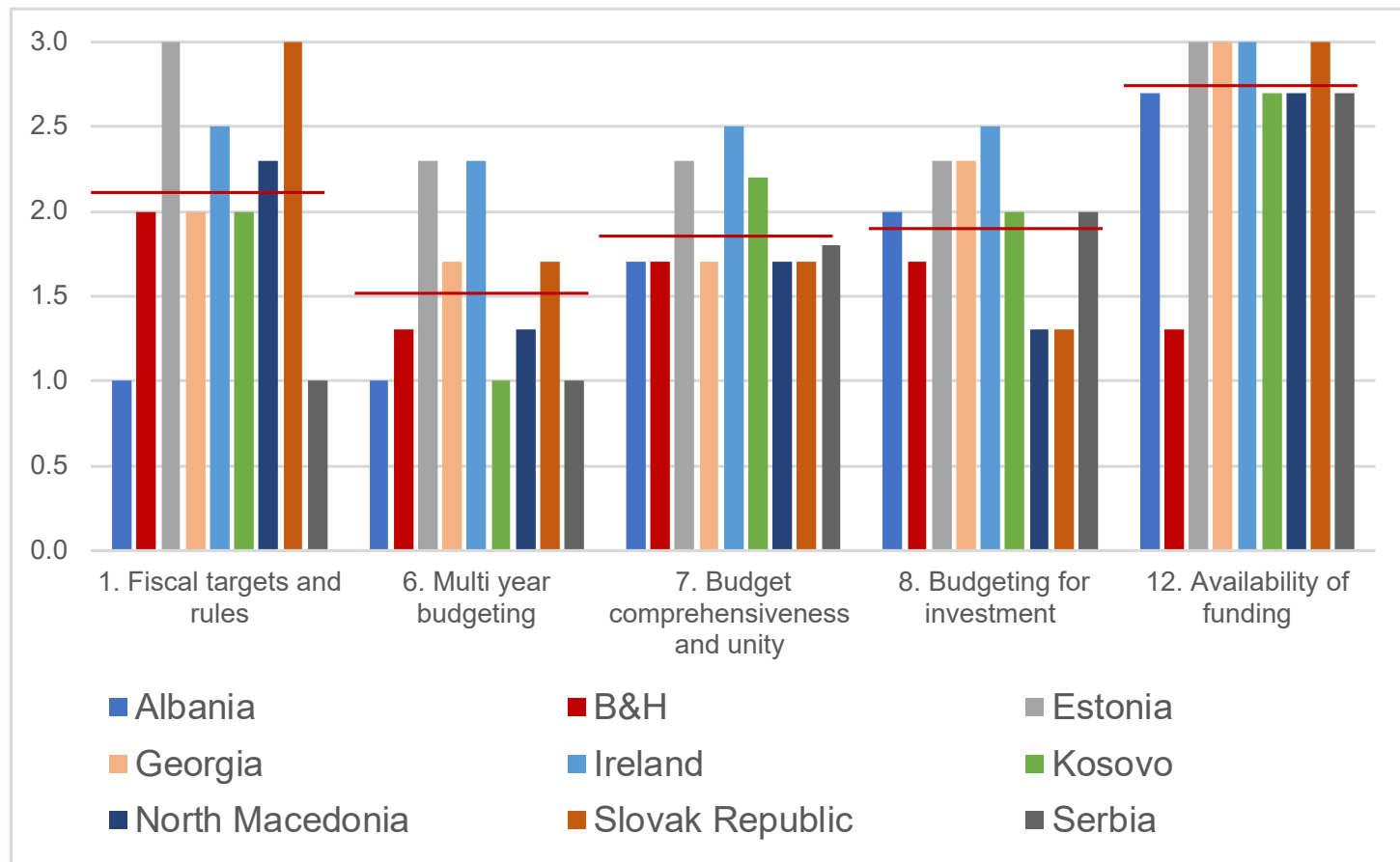
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2. National and sectoral plans
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- 6.
- 7.
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10. Project selection

11. Procurement
- 12.
13. Portfolio management and oversight
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PIM institutions directly under the responsibility of MoF perform relatively well...

PIMA Effectiveness Scores: Network Country Members

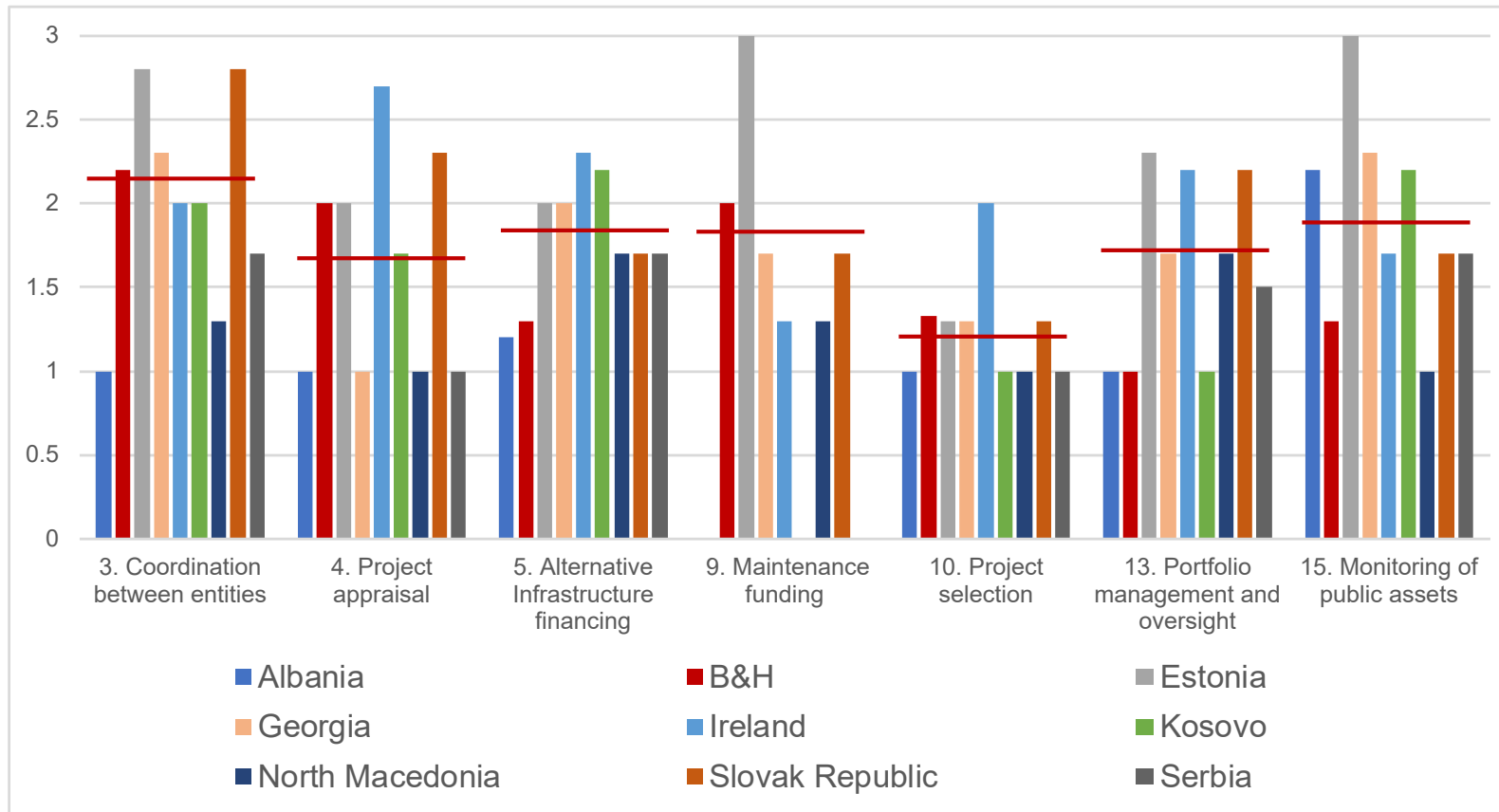


- **Funding** is available for public investment
- **Fiscal rules** allow for a predictable capital envelope
- **Annual budgets** have reasonable coverage and supporting budget processes are relatively strong
- Yet, the long-term nature of capital projects is not well managed due to weak **multi-year budgeting**

Source: PIMAs from network member countries

...while effectiveness is lower in PIM institutions where responsibility is shared

PIMA Effectiveness Scores: Network Country Members



- **Poor project appraisal** inadequate assessment to justify projects
- **Poor project selection** high risks of including bad projects and excluding good ones
- **Weak portfolio management and oversight** inefficiencies due to poor implementation and inadequate mitigation

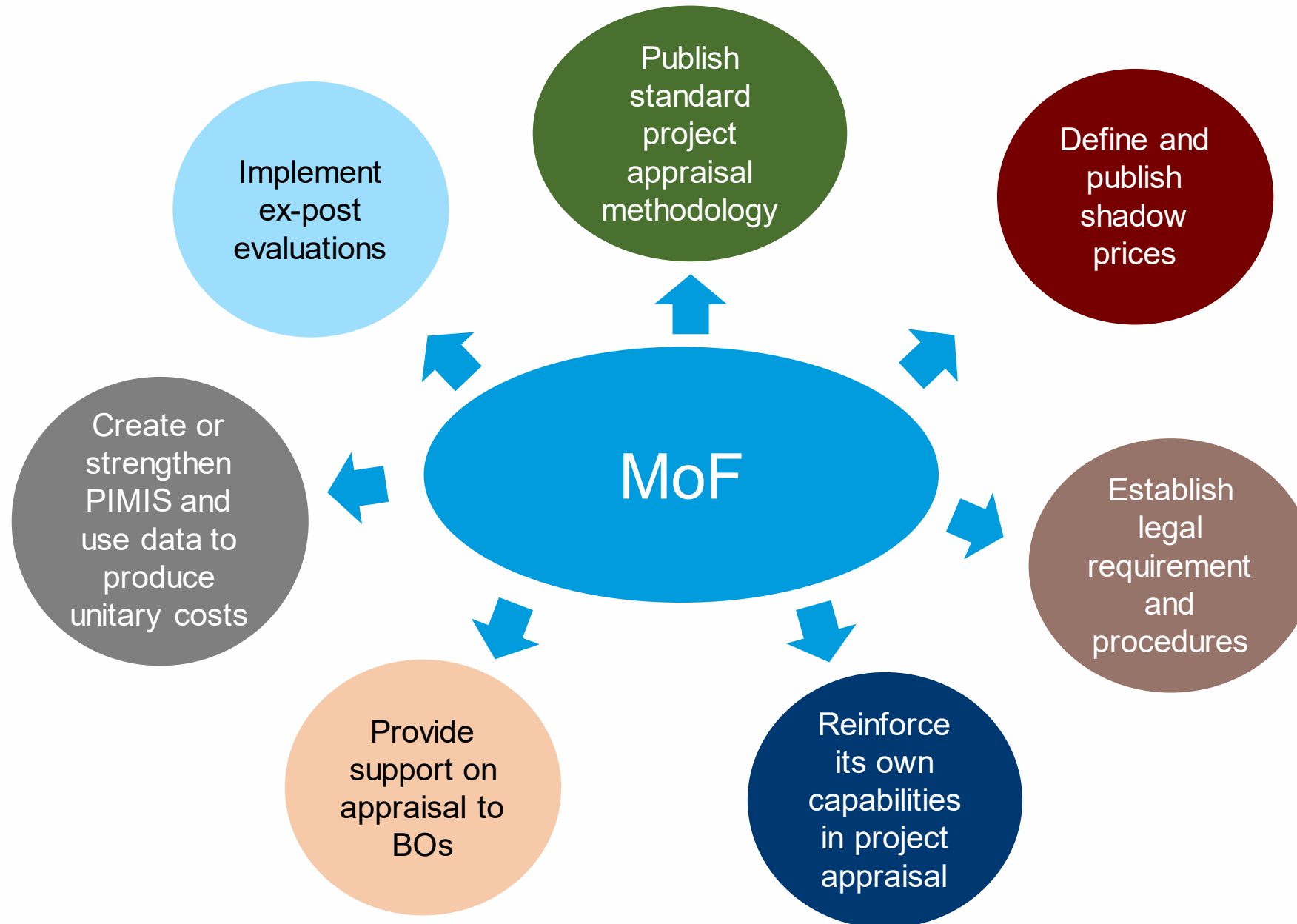
Source: PIMAs from network member countries

Most common weaknesses in project appraisal

Project appraisal	Albania	B&H	Estonia	Georgia	Ireland	Kosovo	North Macedonia	Serbia	Slovakia
Appraisal studies are not published or do not undergo independent external review	✓	✓	✓		✓	✓	✓	✓	✓
Insufficient skilled staff or resources	✓	✓		✓		✓	✓	✓	
No standard methodologies and central support		✓	✓	✓			✓	✓	
No or limited risk assessment	✓			✓		✓	✓	✓	
Not all projects are appraised			✓	✓			✓	✓	
Limited or unreliable data				✓			✓		✓

Source: PIMAs from network member countries

What can a MoF do to strengthen project appraisal?

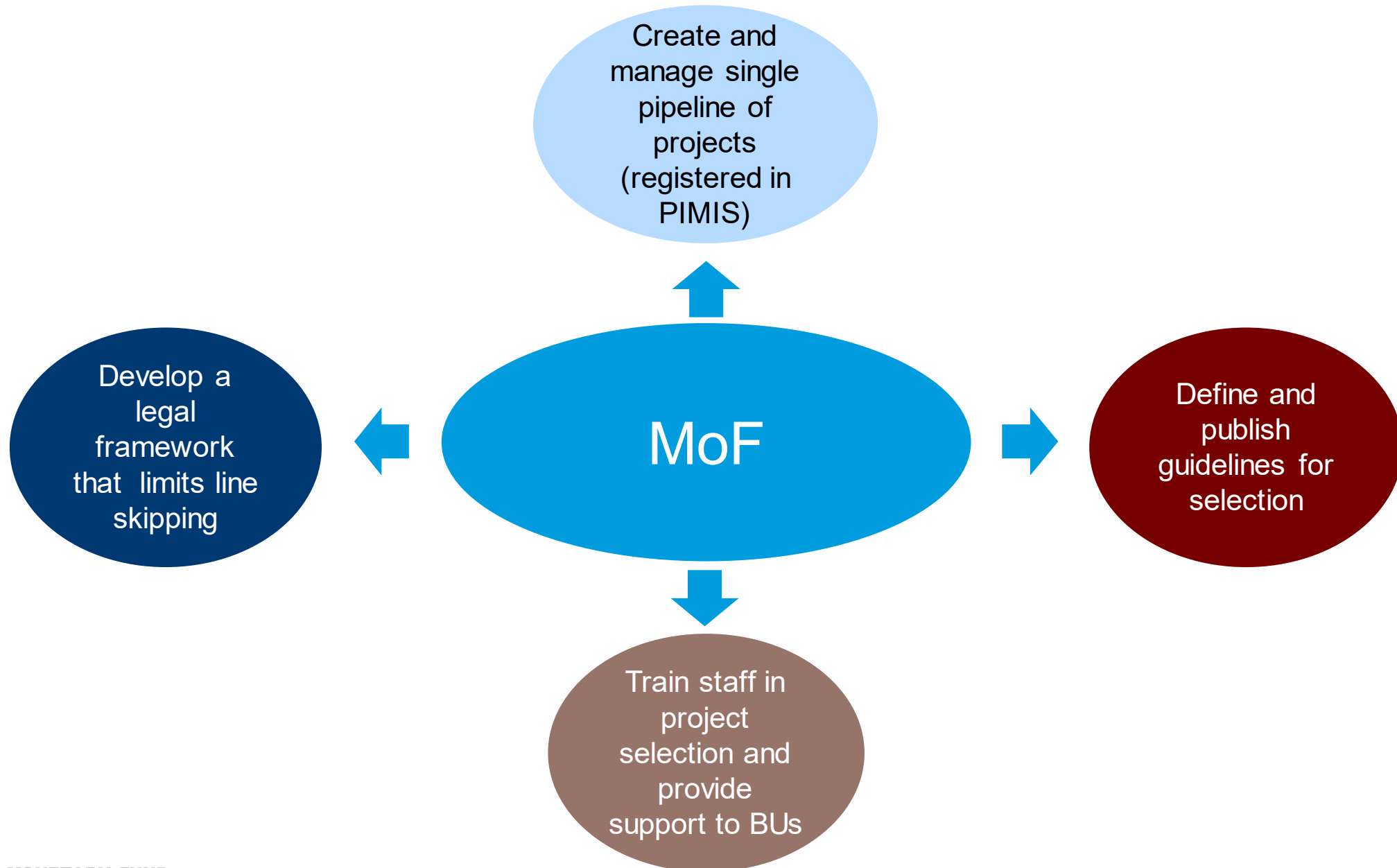


Most common weaknesses in project selection

Project selection	Albania	B&H	Estonia	Georgia	Ireland	Kosovo	North Macedonia	Serbia	Slovakia
No single and comprehensive pipeline of appraised projects	✓	✓	✓	✓	✓	✓	✓	✓	✓
No central or limited oversight of major projects	✓	✓	✓	✓		✓	✓	✓	
No standard project selection procedures or criteria			✓	✓			✓	✓	✓
No independent project review prior to inclusion in the budget			✓				✓	✓	✓

Source: PIMAs from network member countries

What can a MoF do to strengthen project selection?



Conclusions

- MoF must play a leading role for improving IG
- Weakest links should be priority:
 - Project appraisal
 - Project selection
 - Portfolio management and oversight
- Must work together with BOs to create system-wide capacities
- Create or improve PIM information systems
- Strive for an enabling supporting legal framework