



Quality Infrastructure Investment and the IMF

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**PUBLIC INVESTMENT
MANAGEMENT
ASSESSMENT
(PIMA)**

Strengthening
Infrastructure
Governance

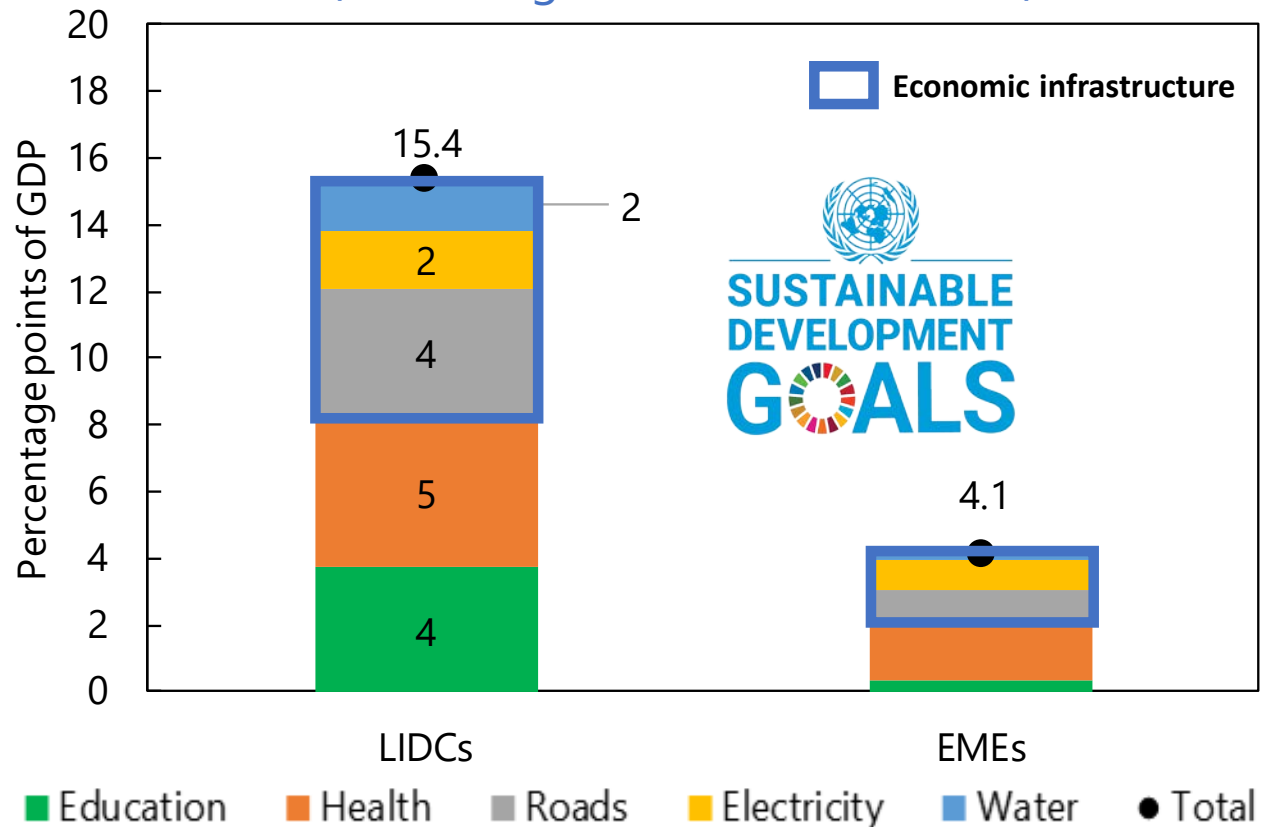


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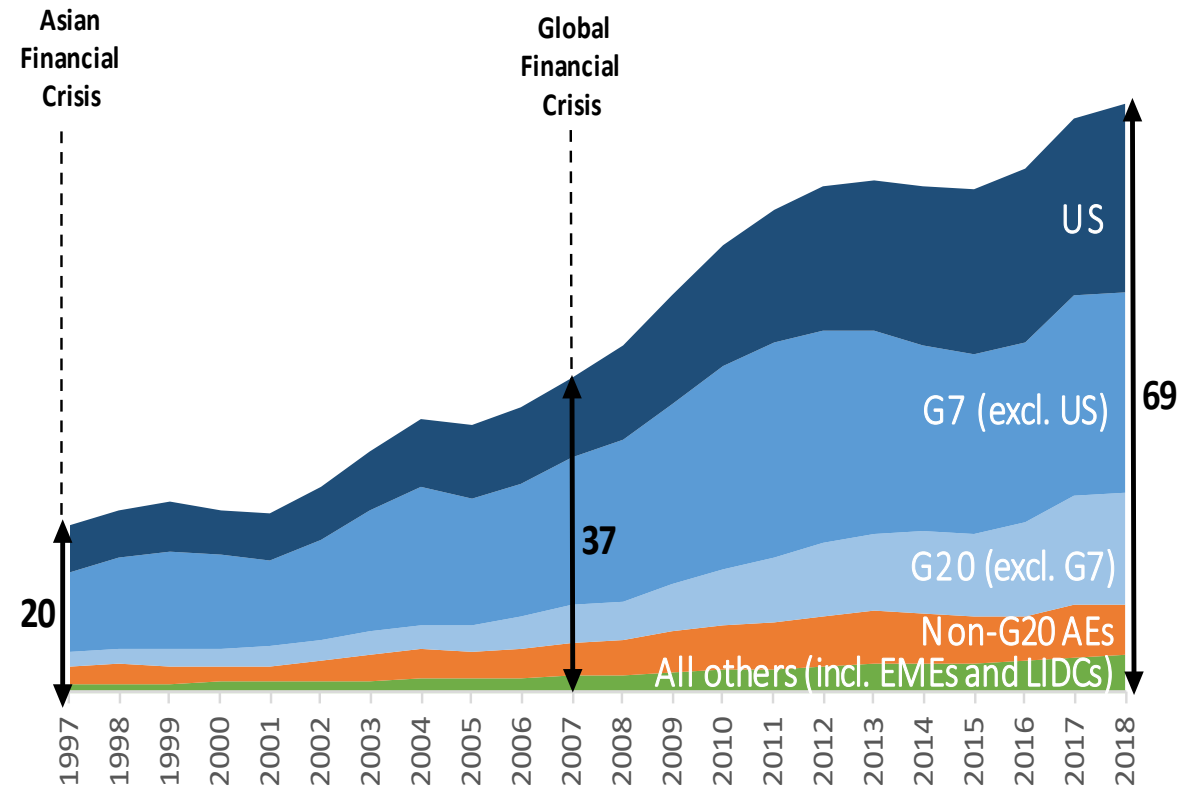
Needs for Infrastructure are High but Fiscal Space is Scarce.

Additional Spending Needed in 2030 to Achieve High Outcomes in Selected SDGs
(Percentage Points of 2030 GDP)



Source: IMF staff calculations

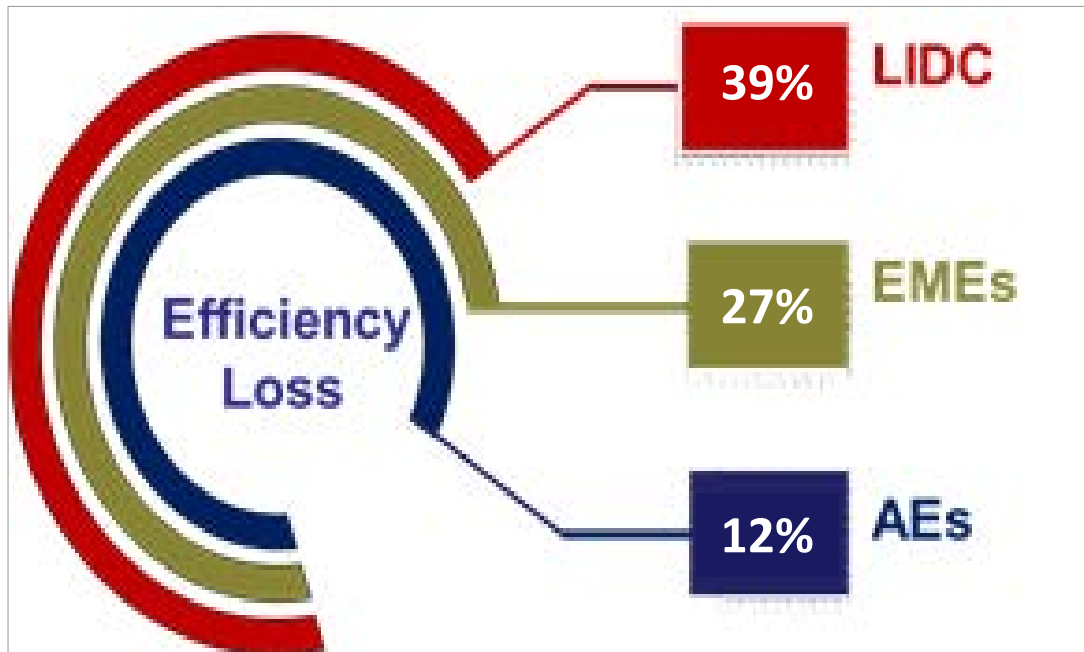
Gross Public Debt
(trillion USD)



Source: IMF Global Debt Database. The data for 2018 is preliminary, the full update of the Global Debt Database (GDD) will be released on December 12, 2019.

There are Significant Margins for Improvement of the Quality of Infrastructure Investment.

About **30% of the economic benefits** associated with infrastructure are lost due to inefficiencies.



Source: IMF (2018).

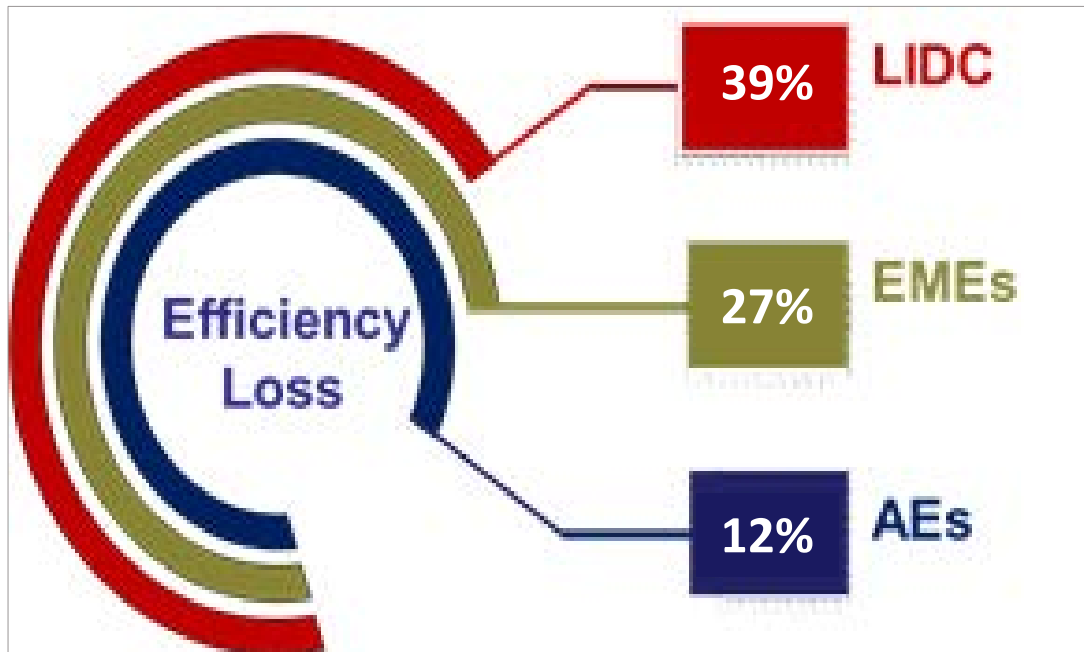
Example: Berlin Brandenburg Airport, Germany



Stronger infrastructure governance is necessary to bridge the gap.

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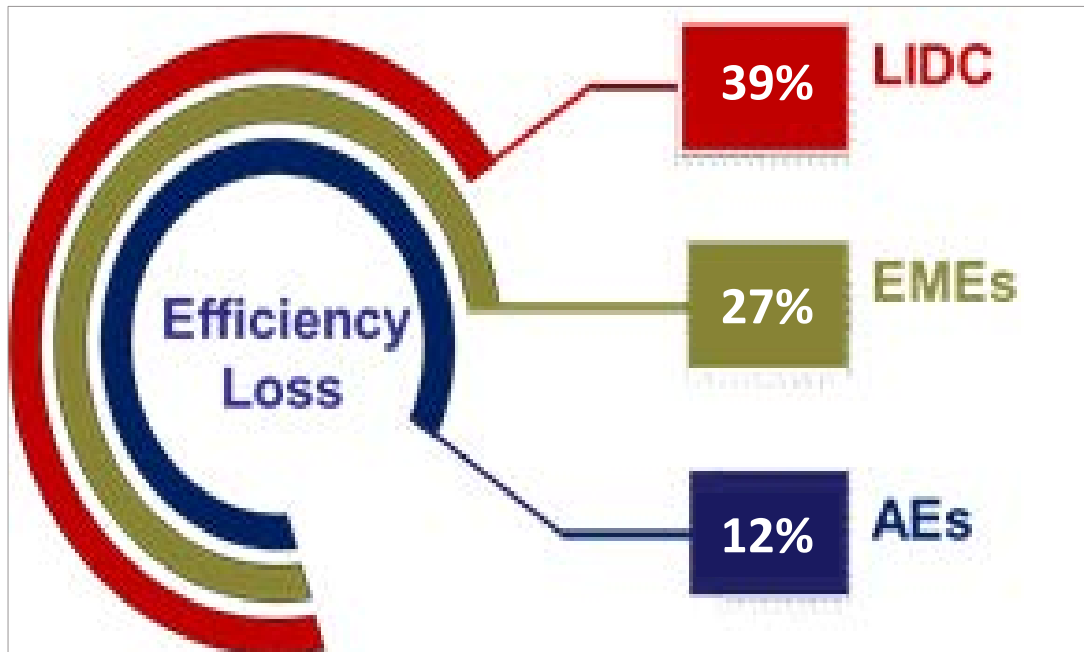
Example: Abandoned monorail bridge, Putrajaya, Malaysia



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Stronger infrastructure governance is necessary to bridge the gap.

Example: North Bridge Road, Phnom-Penh, Cambodia



IMF's Approach to Strengthening 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

- Simple summary charts
- Peer comparison
- Distinction between design (what's on paper) & actual implementation (what's done in practice)

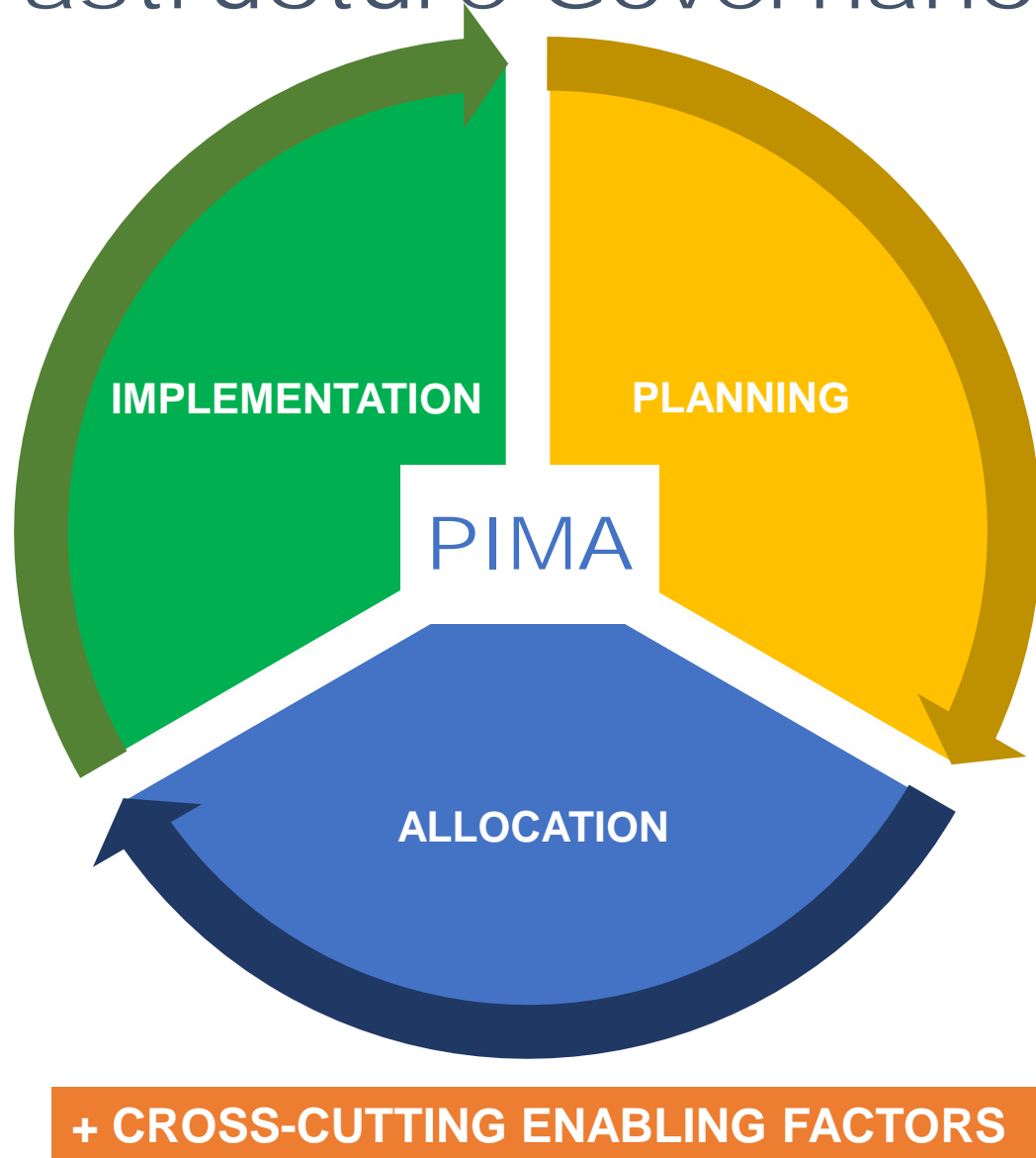


Facilitates coordination

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



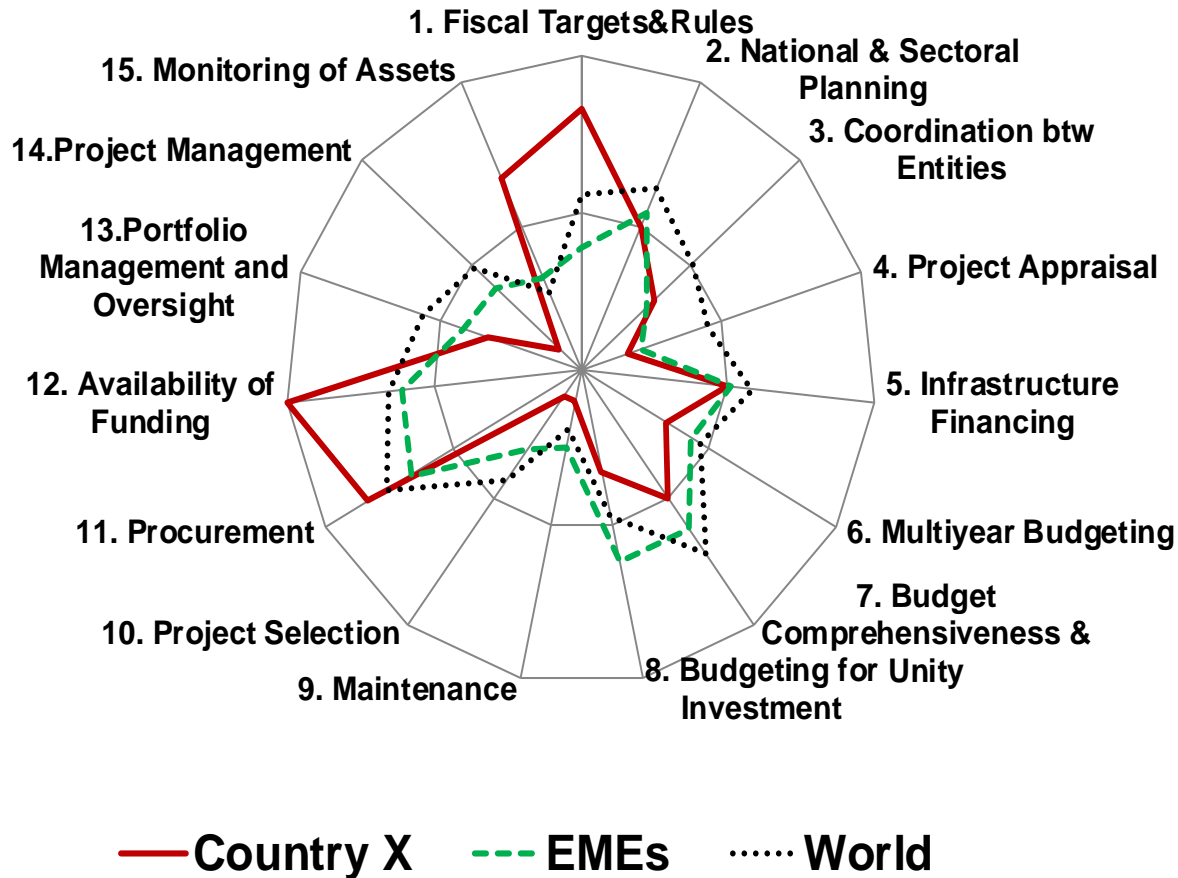
A Comprehensive Framework for Assessing Infrastructure Governance



- **Three** phases within an interlinked cycle
- **Fifteen** institutions and **three** cross-cutting enabling factors
- **Two** angles
 - Institutional design
 - Institutional effectiveness

Accessible and Effective Communication of Findings to Stakeholders

“Spider charts”:
benchmarking with peers

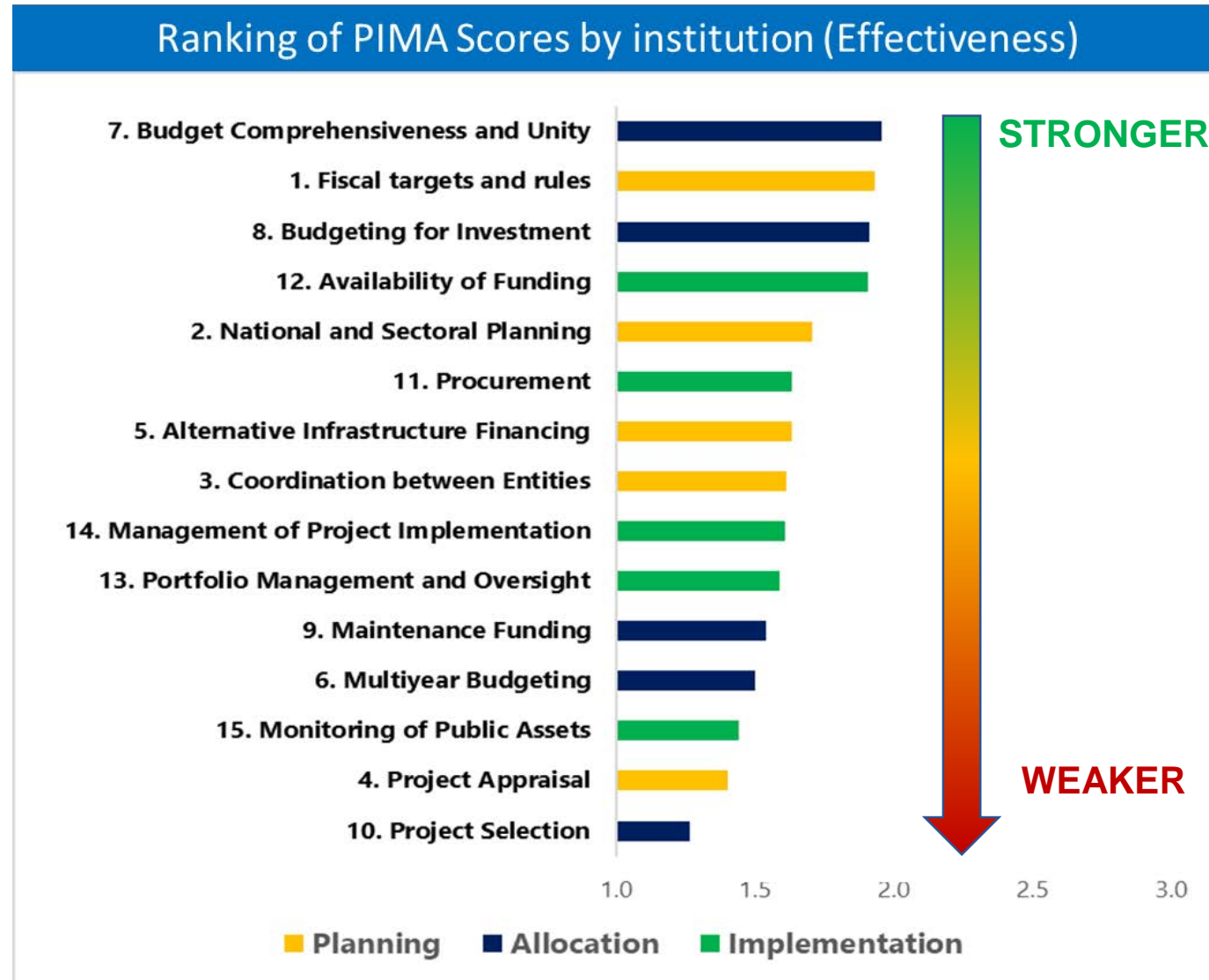


“Heatmap”:

Institutional design vs institutional effectiveness

Phase/Institution		Institutional Strength	Effectiveness	Reform Priority
A. Planning	1 Fiscal targets and rules	Medium: Limited legal debt constraints; no legal fiscal rules	Medium: Conservative fiscal policy has resulted in limited deficits and improving debt sustainability	
	2 National and sectoral planning	High: Published PDP, PIP including costing of projects; RM, including output and outcome indicators	Medium: National plans are helpful in guiding public investment but not fully published	
	3 Coordination among entities	Medium: Regional plans coordinated with national government; capital transfers not fully known in advance; SNG fiscal risks not systematically assessed	Medium: Major investments effectively coordinated, but investment overlaps occur in smaller projects	
	4 Project appraisal	Medium: Major projects systematically appraised, and central support available for project appraisal, but risk assessments not conducted diligently	Low: Land issues and resettlements and detailed designs not always considered during appraisal; risk mitigation not always identified	**
	5 Alternative infrastructure financing	Medium: Established framework for private investment in infrastructure, with competition in some sectors; fiscal monitoring function being developed	Medium: No gateway process for preliminary assessment of fiscal risks and for post-award proactive management of fiscal risks	**
B. Allocation	6 Multiyear budgeting	Medium: No published projections of capital spending; no overall ceilings; total construction cost projections available	Low: No published projections; no multi-year ceilings for projects; updating of cost without effective cost validation	**
	7 Budget comprehensiveness and unity	Medium: Budget summary tables and agency detail incorporate capital spending from all financial sources	Medium: Annual focus obscures implications of infrastructure on recurrent budgets	
	8 Budgeting for investment	Medium: Capital outlays appropriated on annual basis; virement from capital to current spending allowed; two-tier budgeting to prioritize ongoing projects	High: Multiyear contracts allowed; virement with DBM approval; effective protection of ongoing project funding	
	9 Maintenance funding	Medium: No standard methodology for the determination of routine maintenance and its costs	Low: Routine maintenance not costed appropriately and not adequately funded	**
	10 Project selection	Medium: Major projects reviewed by a central agency; selection criteria published; PIP includes pipeline of appraised projects	Low: Land and resettlement issues not completed before projects are funded	**
C. Implementation	11 Procurement	Medium: Competitive legal framework but not strict enough to lead to effective competition; transparency required	Low: Low competition in most public investment sectors; no systematic review of procedures to induce competition	**
	12 Availability of funding	High: Cash flow forecasts prepared monthly and updated within the obligation limits; no reported delays in cash release	Medium: TSA not yet fully implemented; cash forecasts not highly reliable	
	13 Portfolio management and oversight	Medium: Certain major projects centrally monitored; cross-project reallocation allowed with DBM approval; no systematic ex-post review	Medium: Certain major projects monitored but with significant time lag; ex-post review not systematically conducted	*
	14 Project management	Medium: Implementation plans not systematically prepared; standardized rules for project adjustments; ex-post audits for selective projects	Medium: Project adjustments not restricted to unforeseen technical issues; rules for cost overruns; limited ex-post audits	**
	15 Monitoring of assets	High: Public assets properly accounted for and reported in financial statements	Medium: Some issues with comprehensiveness of reporting and frequency of updates	

Where Are The Key Shortcomings in the IG Cycle?



Source: IMF (2018).

Focus On Practical Recommendations

A prioritized and sequenced action plan

Thumbnail showing a table with columns: Recommendations and Actions, FY16/17, FY17/18, FY18/19, Responsibility, Technical Assistance. It includes sub-sections like 'A. Sustainable Public Investment Planning' and 'Recommendation 1: In the near term, improve the quality of strategic planning by enhancing the current documents.'

Recommendations and Actions	FY16/17	FY17/18	FY18/19	Responsibility	Coordination
A. Sustainable Public Investment Planning					
Recommendation 2: Provide a more comprehensive statement of the government's development strategy for public investments in new and updated strategic documents					
Provide in Vision 2030 a consistent overview of the government's main strategies and investment priorities, with clear prioritization and linkages between sectors and projects.	→			Prime Minister Office	
Identify in the National Strategy for Land Use suitable sites for the different initiatives and projects, and provide a basis for the strategic acquisition of land.		→		Ministry of Lands	
Update sector strategies to provide a comprehensive description of priority projects with indicative estimates for costs and expected outputs.			→	Sector Ministries	WB

Thumbnail showing a table with columns: Recommendations and Actions, FY16/17, FY17/18, FY18/19, Responsibility, Technical Assistance. It includes sub-sections like 'Recommendation 2: Revised statutory provisions and ex-ante and ex-post consolidated SOE Reports' and 'Outcome 5: Oversight role of the Minister of Finance in assessing exempted PPP projects strengthened.'

PIMA brings institutions together to support countries in strengthening IG practices.

Coordination With Development Partners

- PIMA as an input for country strategies and programs
- Coordination in the delivery of capacity development

Country Ownership for Action Plan

- Development / adoption of an action plan by the authorities on the basis of the PIMA report
- Political commitment to reform is key

Follow-Up Capacity Development

- Development of a CD agenda to support the authorities' action plan (with devt partners)
- Successful IMF engagement in many Asian countries

Thank You!



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The graphic features a red vertical bar on the left containing the title and subtitle. To the right of the bar is a vertical column of four circular icons: a globe, a bar chart, a handshake, and interlocking gears. At the bottom left of the red bar is the IMF logo, and to its right is the text 'FISCAL AFFAIRS'.

<http://www.imf.org/publicinvestment>

