



Investing to Invest

Public Investment Management Indicator Framework

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Agenda

- Why need the PIM indicator framework?
- What can the PIM indicator framework do?
- Methodology
- Structure
- Institutional Mapping
- Performance Indicators
- Application



Why need the PIM indicator framework?

- Need to assess PIM system performance in detail
- Limits of other PIM assessment tools



What Can the PIM Indicator Framework Do?

- Measure the performance of PIM system regarding key elements of PIM systems, processes and institutions.
- Identify key factors constraining PIM system performance
- Identify the most promising entry points for country-specific reform
- Allow progress tracking



Methodology

- Benchmarking against “good enough” practices
- Data and evidence analysis
- Interviews and consultation with performers and stakeholders
- Assign scores
- Country-specific

Structure





Institutional Mapping

- PIM modalities and trends
- Institutional analysis
- Stakeholder analysis



PIM modalities and trends

- What are the different PIM modalities?
- What are the recent trends in the aggregate level of capital spending?

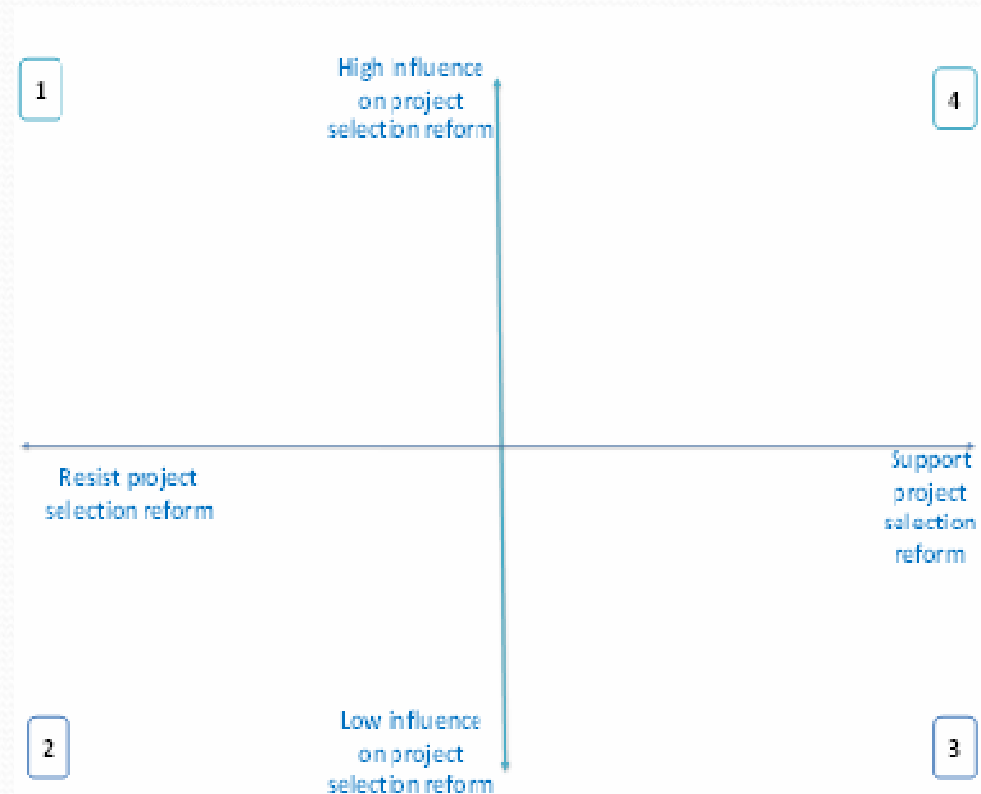


Institutional Analysis

Institutions are the ‘rules of the game’, both formal (laws, regulations, institutional mandates) and informal (social norms, de facto practices), that shape the behaviors, interactions, incentives, and power of the stakeholders (individual players/decision-makers, as well as key public institutions).

- Formal (official) procedures of PIM
- Institutions in charge of PIM, coordination mechanism
- Informal rules that influence how projects are actually selected and implemented in practice

Stakeholder Analysis



Performance Indicators

Credibility of the Budget	PIM -1	Aggregate capital expenditure out-turn compared to original budget	
	PIM -2	Composition of capital expenditure out-turn compared to original budget	
	PIM -3	Aggregate revenue out-turn compared to original budget	
	PIM -4	Stock and monitoring of capital expenditure payment arrears	
Comprehensiveness and Transparency	PIM -5	Classification of the budget	
	PIM -6	Comprehensiveness of information included in budget documentation	
	PIM -7	Extent of unreported capital spending	
	PIM -8	PIM-related inter-governmental fiscal relations	
	PIM -9	Management of fiscal risks from capital spending outside central government	
	PIM -10	Public access to key information on capital spending	
Policy-Based Budgeting	PIM -11	Investment guidance, project development, and preliminary screening	
	PIM -12	Formal project appraisal	
	PIM -13	Independent review of appraisal	
	PIM -14	Orderliness and participation in the annual budget process	
	PIM -15	Multi-year perspective	
	PIM -16	Project selection and budgeting	
Predictability and Control in Budget Execution	PIM -17	Project implementation	
	PIM -18	Predictability in the availability of funds	
	PIM -19	Procurement	
	PIM -20	Effectiveness of internal controls and audit for capital spending	
	PIM -21	Project adjustment	
	PIM -22	Facility operation	
Accounting, Recording, and Reporting	PIM -23	Basic completion review and evaluation	
	PIM -24	Quality and timeliness of in-year budget reports	
	PIM -25	Quality and timeliness of annual financial statements	
External scrutiny and audit	PIM -26	Scope, nature and follow-up of external audit	
	PIM -27	Legislative scrutiny of capital spending in the annual budget	
	PIM -28	Legislative scrutiny of external audit reports	
Donor practice	PIM D-1	Financial information provided by donors	
	PIM D-2	Proportion of aid that is managed by use of national procedures	



Selective PIM indicators

PIM-11

Investment Guidance, Project Development, and Preliminary Screening

- A national economic and social strategy is in place which helps to guide prioritisation of capital spending decisions, supported by detailed sector strategies for at least the main sectors.
- MDAs initiate projects by submitting a project profile for central agency/LM review.
- Evidence that larger projects at least are subject to preliminary screening that on occasion has resulted in re-design, deferral or rejection.



PIM-12

Formal Project Appraisal

- Clarity of planning roles.
- Defined procedures preparation and appraisal of projects.
- Availability of technical guidance on project appraisal.
- Quality of project of appraisal.

PIM-13

- Independent Review of Appraisal
 - Project appraisals are subject to independent review.



PIM-16

Project Selection and Budgeting

- Transparent criteria are in place and adhered to for selecting projects for budget funding based on contribution to national and relevant sector strategies.
- Explicit attention is given to ensuring that on-going projects receive sufficient funding to allow efficient physical progress.
- Provision for multi-year budget authority.
- The extent to which capital and future on-going recurrent spending requirements of projects are integrated within MDA budgets.



PIM-17

Project Implementation

- Guidelines for operational staff in MDAs on project implementation.
- Clear organisational and management responsibilities for delivering on a comprehensive implementation plan.
- Existence of multi-year total project cost management system.
- Formal project completion and handover.



PIM-21

Project Adjustment

- Regular routine reporting and monitoring of financial and physical progress against plans.
- Appropriate use of virement between projects.
- Nature of project adjustments.
- For major multi-year projects at least, a mechanism to trigger fundamental review of the rationale and justification for the project in specified circumstances.



PIM-22

Facility Operation

- Comprehensive and detailed asset registry(s).
- Whether the assets are fit for purpose.
- Sufficient funding for asset operations and maintenance in MDA budgets.
- Monitoring of service delivery using the newly completed capital assets.



PIM-23

Basic Completion Review and Evaluation

- Existence of a policy requiring completion of basic post-project review, and guidance to MDA staff on how to complete a post-project review.
- Extent to which project implementing agencies complete a basic post-project review for each completed capital project.
- The extent to which evaluations of capital projects are completed that attempt to assess the impacts and outcomes of capital projects in comparison to what was anticipated at the project appraisal stage.

Quantitative indicators

- Project screening
- Project appraisal
- Project selection
- Project implementation
- PIM system efficiency and effectiveness



Project screening and appraisal

- Proportion of projects that enter the budget by “climbing the fence,” avoiding appraisal and the gate keeping process
- Proportion of projects rejected at initial screening (project profile) stage
- Proportion of projects subject to CBA or CEA
- Proportion of projects where the initial CBA/CEA was subjected to in-depth independent review



Project Selection

- Growth in total number of projects
- Number of small projects in the budget as a proportion of total projects and as proportion of total capital spending
- The average total value of new projects relative to the total value of on-going projects
- The average total value of new projects relative to projects completed (using three year moving averages)



Project Implementation

- Capital spending implementation rate (original budget), disaggregated by government and donor where relevant.
- Capital spending implementation rate (adjusted/supplementary budget), disaggregated by government and donor where relevant.
- In-year capital spending pattern by month and quarter
- Number of projects for which there was no actual expenditure in the last fiscal year
- Number of projects for which there was no physical progress in the last fiscal year
- Number of projects completed
- The completion rate of the public investment program (annual average over the past 5 years), defined as the annual public investment budget divided by the estimated cost to complete the current public investment program.



PIM System Efficiency & Effectiveness


- Average project cost overruns
- Average project time over-runs
- Proportion of projects completed within time and cost
- Proportion of projects completed with only time overrun
- Proportion of projects completed with only cost overrun
- Estimated average ex post economic rates of return



Application Status

- Scoring system has been being field-tested and finalized
- Examples of application: Cape Verde, Ukraine

Illustrative PIM Assessment Summary Report

Stage	Indicators and Dimensions	Findings	Rating (illustrative)
1. Guidance and preliminary screening.	National development strategy; sectoral strategies.		C (Orange)
	First level screening to ensure strategic alignment.		D (Red)
	Formal process for project development		
2. Formal project appraisal.	Clarity of roles in planning process.		B (Green).
	Formal technical guidance.		D (Red).
	Sound project appraisal.		C/D (Orange/Red).
	Proportionality of appraisal.		D (Red). 
	Effective coordination and scrutiny of donor-funded projects.		C/D (Orange/Red)
	Capacity in central agencies and line ministries.		C/D (Orange/Red).
3. Independent review of appraisal.	Independent reality/quality checks.		D (Red) 