



Public investment management (PIM) practices in the EU: A comparative analysis based on the second Commission survey

Public Sector Skills and Digitalisation for PIM results
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Stock-Taking

- **Analytical work** on the investment cycle, with focus on strategic planning, selection and budgeting
- **Data collection:** the first PIM survey covering entire EU in 2022, followed by the 2025 one.
- **International collaboration:** the [IMF](#), [OECD](#), World Bank and [Concept Research group](#)



Stock-Taking

- Nine meetings of the PIM national expert group since January 2022.
- Close cooperation with SG-REFORM to support PIM reforms in the EU, increasingly with DG-ENEST for accession countries
- Increasing policy relevance in the *European Semester*. PIM featured in 15 Country Reports this year (Belgium, Bulgaria, Croatia, Denmark, Greece, Ireland, Lithuania, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain).
- Many PIM reforms across Member States -> “*Lessons learnt from implementing PIM reforms*”, forthcoming paper with E. Cariou-Reynell (ECFIN) and L. Dimitriadis (REFORM)
- Contribution to a forthcoming book for policy makers on the “*Governance of Public Investment Projects: A comparative perspective*”, edited by Vedran Zerjav, Morten Welde, Gro Holst Volden (Concept Research Group and the Norwegian University of Science and Technology)



Outline

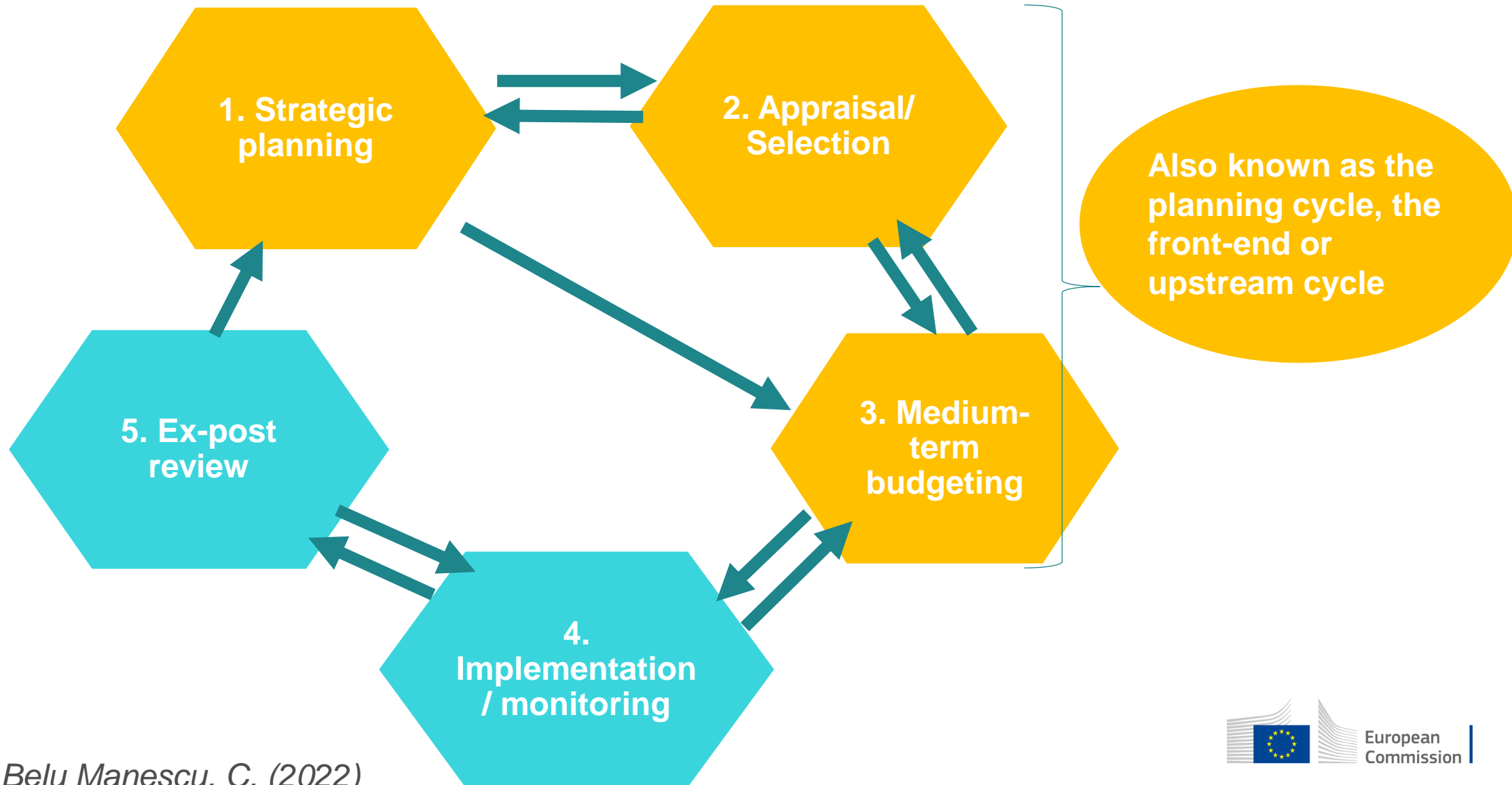
1. Objectives of the 2025 survey
2. Key findings in terms of planning, appraisal/selection, medium-term budgeting, implementation and ex post reviews
3. Conclusions

Objectives of the 2025 survey

Survey elements

- Survey covers the five stages of the investment cycle
- Survey objectives:
 - (1) stronger emphasis on planning, selection and budgeting aspects compared to 2022
 - (2) stronger emphasis on the role of the Ministry of Finance in public investment management
 - (3) collect changes in practices since the 2022 survey
- 24 replies received; 2022 data used for missing data, where possible
- All sectors covered to some extent, but transportation/infrastructure is best represented

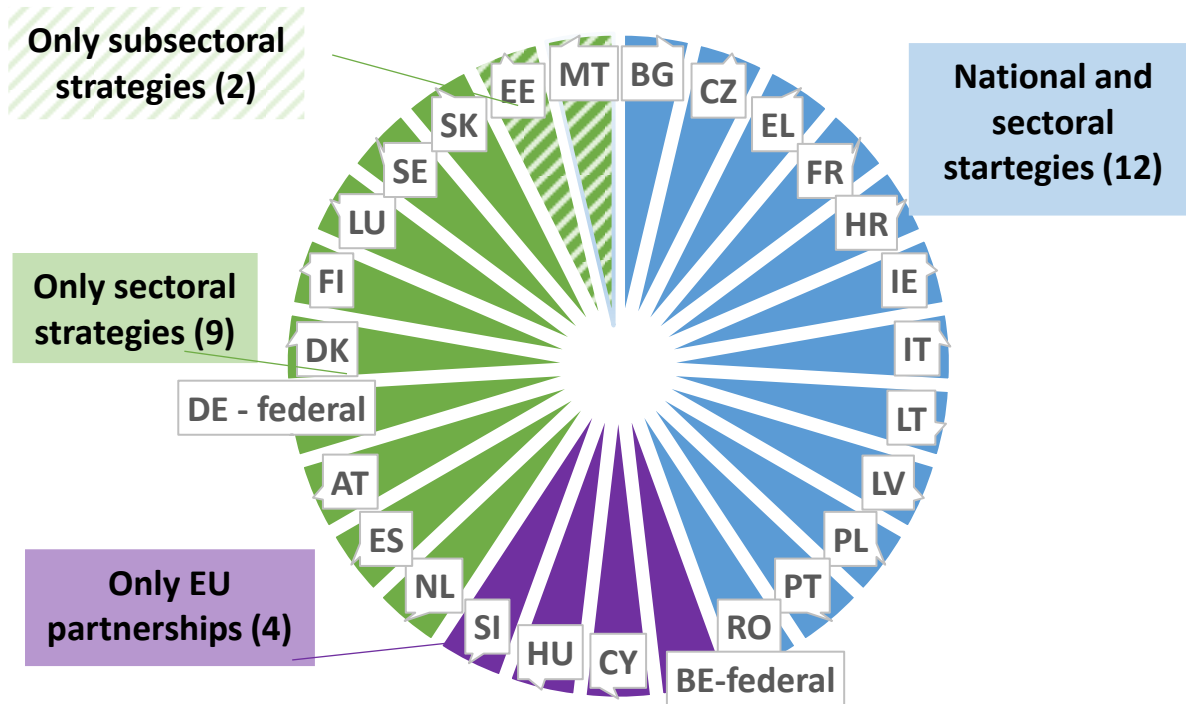
The investment cycle



Source: Belu Manescu, C. (2022)

Long-term investment planning

Findings: Long-term investment planning



- Roughly two-thirds whole-of-government and one-third sectoral strategies only
- Ministry of Finance involved in about half the Member States
- Broadly in line with 2022 survey results (as expected)

Source: 2025 COM PIM survey. Data for Ireland, France and Poland refers to 2022.

Note: National strategies refer to strategies other than the medium-term fiscal structural plans or the recovery and resilience plans.

Appraisal and selection

Appraisal and Selection: Quality assurance

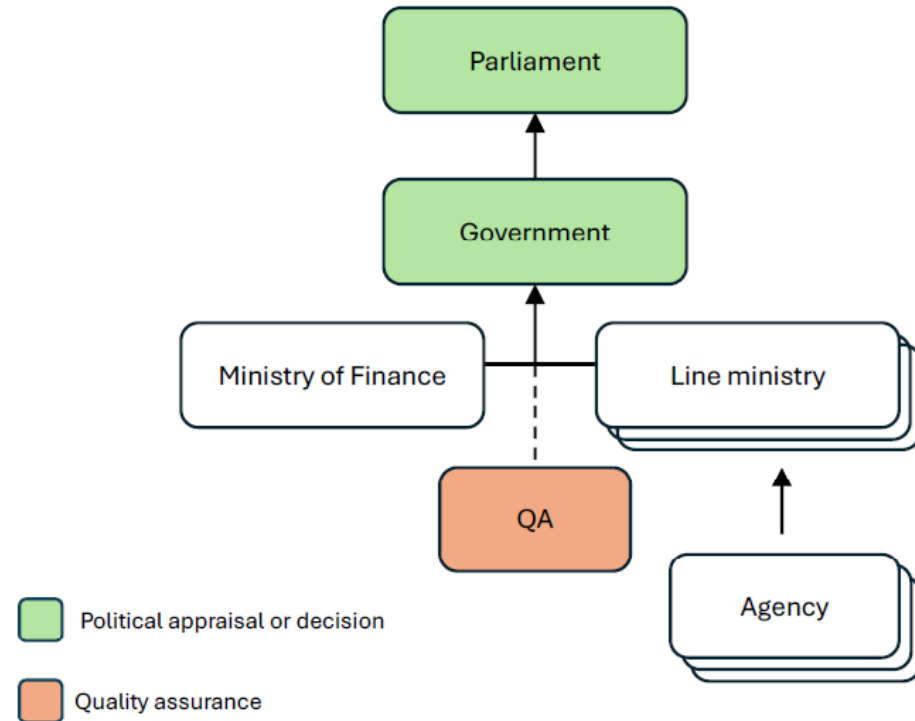
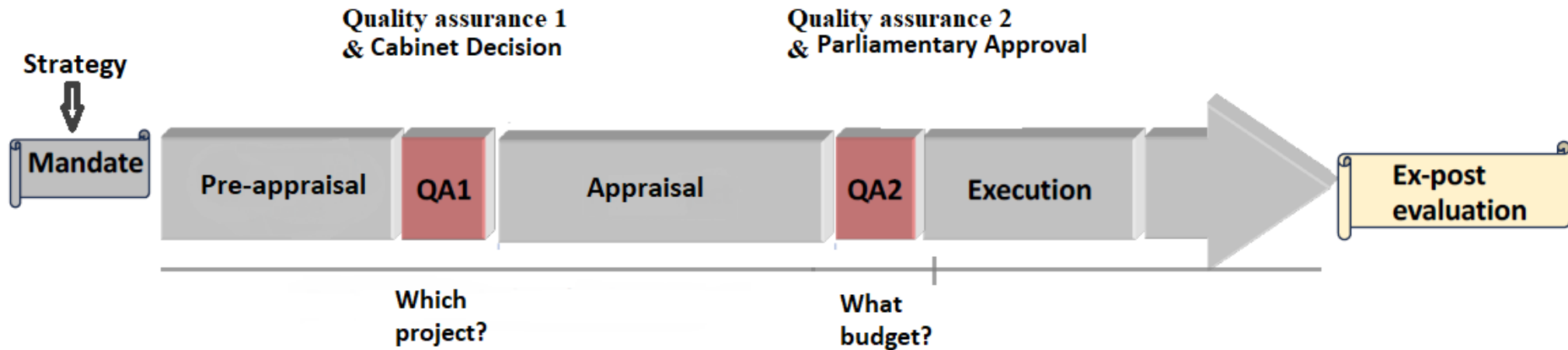


Figure 3-2: Investment project governance

Source: Zerjav, V. et al. "Governance of investment projects" (forthcoming)

- Strong emphasis on early planning phase, especially for large projects:
 - Life-cycle costs
 - Realistic costings (cost-control tools)
 - Sound cost-benefit analysis
 - Bringing in an "outside view" to project documentation
 - Sound decision-making process: the "stage-gate" model
- Strong role for the Ministry of Finance for fiscal sustainability

Appraisal and Selection: The stage-gate model



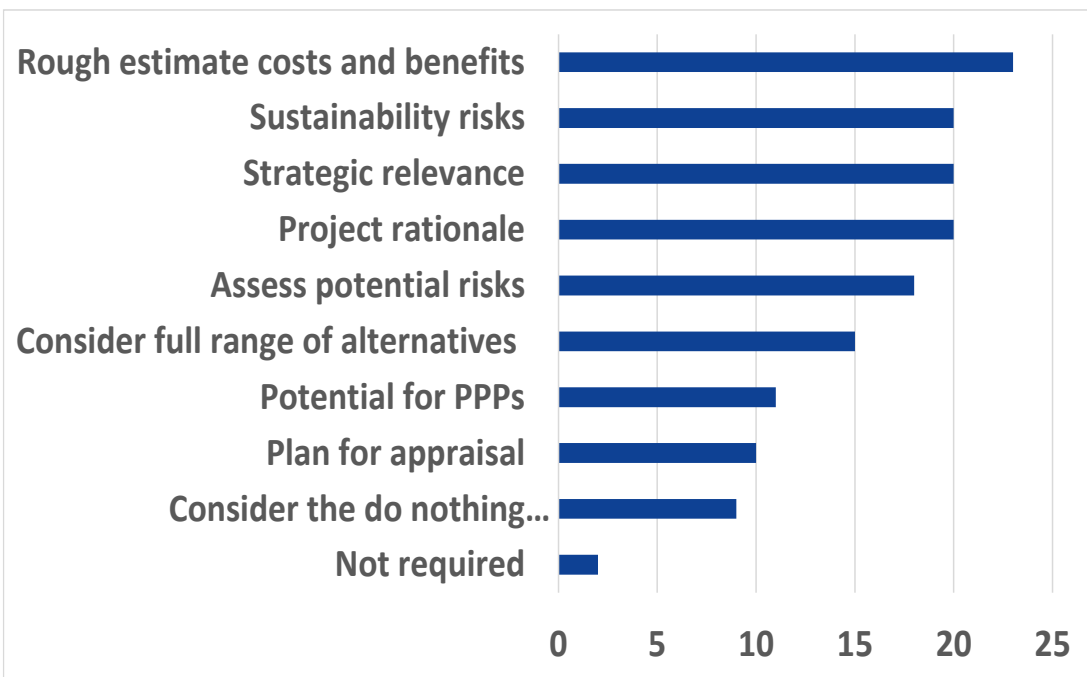
Note: Adapted version of Samset, Volden, Olsson, & Kvalheim (2016) and Volden ([2025](#)).

- Several stages before final decision to build (gates)
- Each stage ends with a decision to continue or not
- External quality assurance supports the decision to build

What can it achieve?

- Reduce cost overruns (*Welde, M., & Klakegg, O., 2024*)
- Shorten lengthy decision-making processes (*Samset, K. F., Volden, G. H., Olsson, N., & Kvalheim, E. V., 2016*)

Findings: Pre-appraisal



Source: 2025 COM PIM survey. Data for Ireland, France and Poland refers to 2022.

Note: PPPs stands for public-private partnerships.

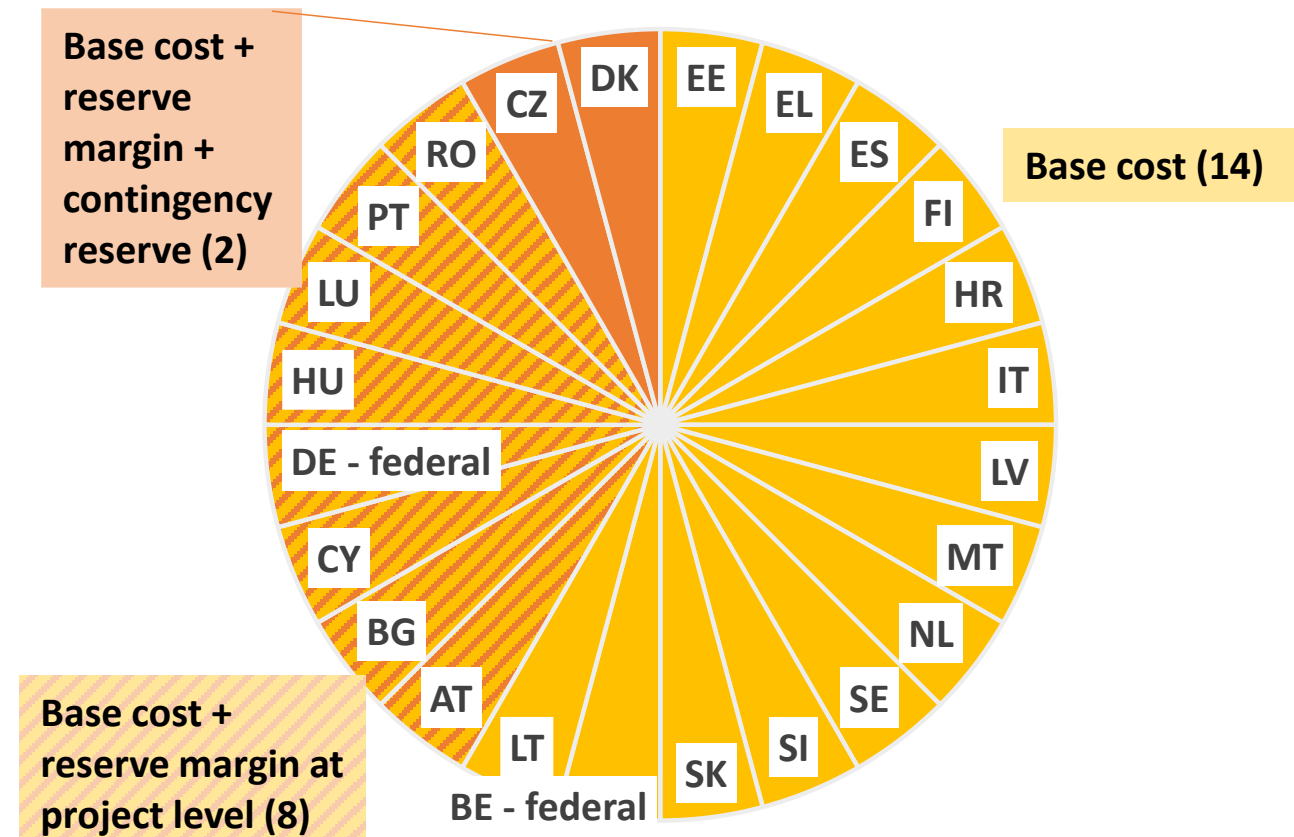
- Most Member States report pre-appraisal at least in some sectors.
- Less often pre-appraisal includes “Do nothing”, “Planning for appraisal”, “potential for PPPs”
- In some Member States, pre-appraisal is the only stage for most projects, and only large projects will undergo detailed appraisal
- A formal decision gate after pre-appraisal in eight Member States only

Findings: Appraisal

- An overwhelming majority of Member States uses **standardised appraisal** methods (such as cost-benefits analysis).
 - There is a central methodological unit either centrally (often under the Ministry of Finance) or, more often, at sectoral level
 - Feasibility studies are often required for projects above a threshold and published in few instances.
 - A formal decision gate after appraisal in place in 17 Member States
 - Independent internal/external review in about half of the Member States
- **Unappraised projects** are budgeted for only in exceptional circumstances.

Cost control at appraisal/budgeting phase

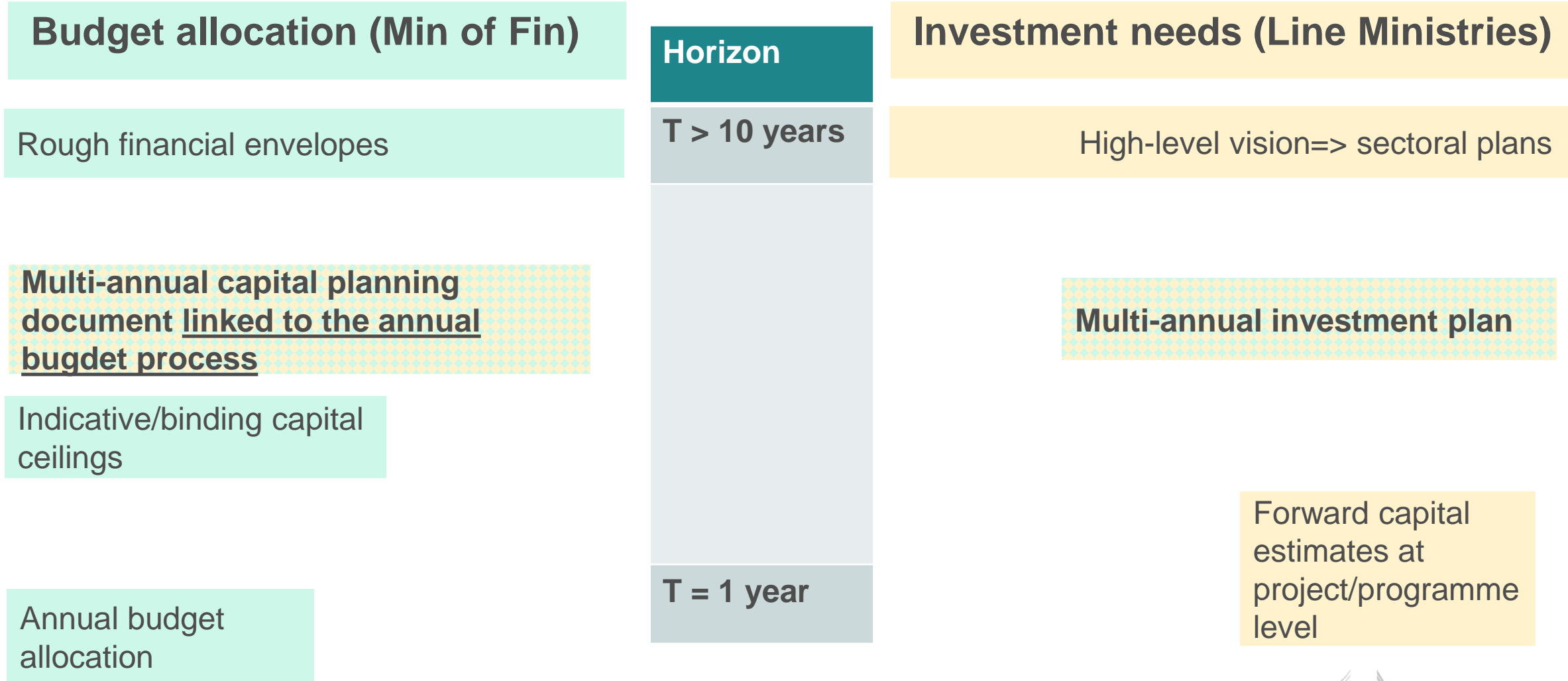
- **Base cost:** probable cost of the project, in half the Member States
- **Reserve margin:** provision for known unknowns, such as technical challenges or changes in material prices, in a third of the Member States
- **Contingency margin:** provision for unknown unknowns, rarely in place
- **Examples of provisions:**
 - Probability-based measures based on past projects' costs
 - A fixed percentage point increase (e.g. 10%) in costs at project/ministry level.



Source: 2025 COM PIM survey. No data for Ireland, France and Poland.

Medium-term capital budgeting

An integrated planning and budgeting cycle



The planning and budgeting cycle (1/5)

Level 1: Forward-looking investment estimates

- They provide a cost **estimate of investments in implementation** but lack estimates of available fiscal space or planning of new projects.
- Usually presented in an investment annex to the annual budget by policy area/line ministry
- These estimates tend to focus on construction costs, hence maintenance costs are most often not included in annual budget documentation
- In place in all Member States

The planning and budgeting cycle (2/5)

Level 2: Indicative or binding medium-term capital ceilings

- Provide estimates of **fiscal space** over the medium-term => strong involvement by Ministry of Finance
- Estimated based on macroeconomic indicators
- Sometimes combined with a dedicated capital investment planning document
- Often with Parliament involvement
- In place in most Member States, indicative in 13 Member States and binding in seven Member States.

The planning and budgeting cycle (3/5)

Level 3: Medium term capital planning documents

- Include estimates of fiscal space over the medium-term as well as planned projects **in a single document** => Ministry of Finance strongly involved

Level 3.1: Three to five years' planning horizon

- May require Parliament approval, at least for larger projects.
- Either whole-of-government approach (Bulgaria, Greece, Lithuania, Luxembourg and Portugal) or sectoral approach (Austria, Germany).

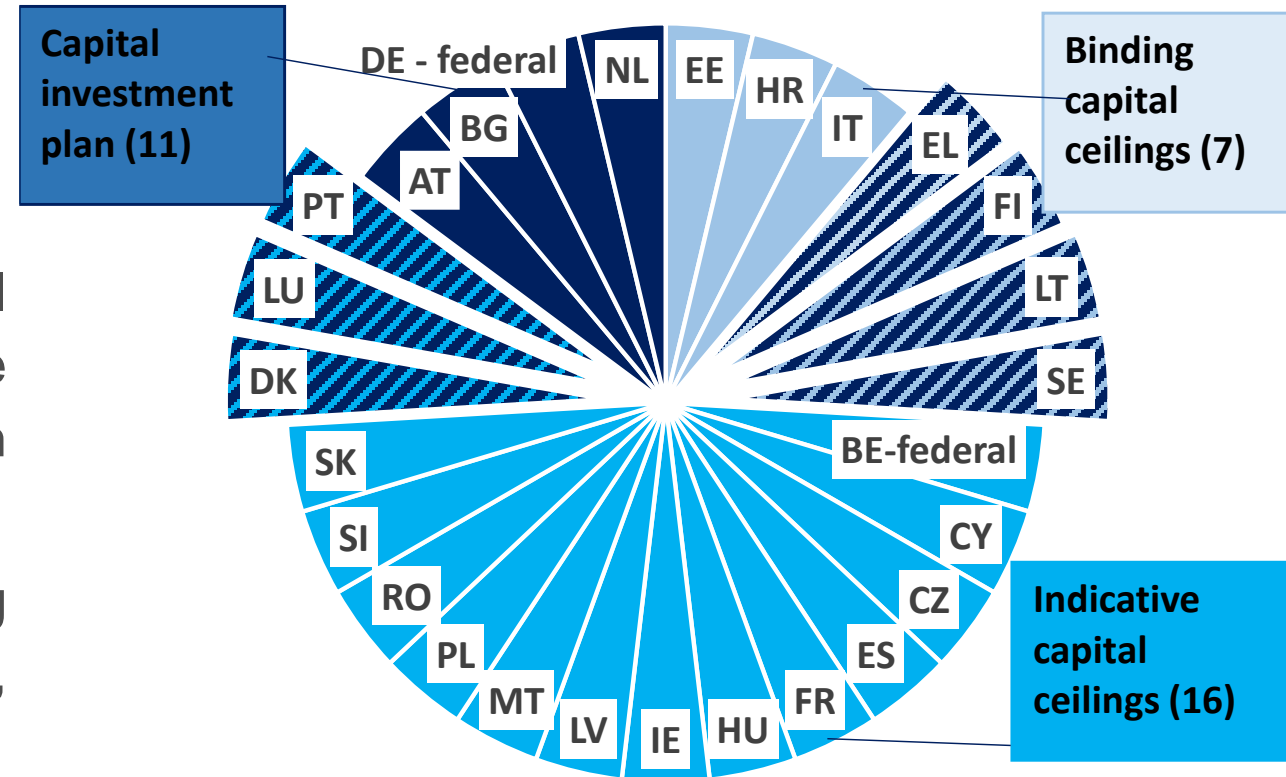
The planning and budgeting cycle (4/5)

Level 3.2: 12-to-15 years' planning horizon

- framework for capital investment in key sectors such as infrastructure or transport
- Strong involvement by Ministry of Finance
- Strong involvement also by Parliament:
 - Approves the financial framework
 - May approve larger individual projects
 - In case of large (e.g., 10%) increase in project costs.
- Provides a robust framework for managing maintenance costs
- In place in Denmark, Finland, the Netherlands, Sweden

The planning and budgeting cycle (5/5)

- The Ministry of Finance prepares annual and multi-annual budget documents, on the basis of proposals and negotiations with line ministries
- A medium-term capital budgeting framework is in place in all Member States, yet with widely different level of detail



Source: 2025 COM survey. Data for Ireland, France and Poland refers to 2022.

Note: Seven of the countries reporting separate investment plans also report indicative capital ceilings (DK, LU, and PT) or binding capital ceilings (EL, FI, LT, and SE).

Monitoring and ex post reviews

Monitoring

- In 2025, two additional Member States report monitoring at central level compared to 2022, bringing the total to 14.
- Findings for project adjustments remained broadly unchanged compared to 2022

Ex post reviews

- As in 2022, ex post reviews of results/outcomes are reported to be frequent.
- By contrast, ex post reviews focused on implementation lessons particularly with regards to cost changes are very rarely conducted
- The latter can serve as input for more realistic cost estimates.

Conclusions and Policy Implications

Conclusions and policy implications

Overall, a high degree of stability in findings in 2025 compared to 2022.

Three **elements** that can support the complex governance and management of public investment could be strengthened in the EU:

(1) Quality assurance

- Proportional appraisal methodology
- Based on the same assumptions across policy areas
- Realistic cost planning based on cost-control mechanisms
- Independent external/internal reviews
- Strong role for Ministry of Finance in the quality assurance scheme
- Supported by strong evidence from the academic literature

Conclusions and policy implications

(2) Integrated planning and budgeting cycles:

- Clarity with regards to ongoing investment projects costs
- Estimates of available fiscal space
- Sense of prioritisation of projects in long-term planning => medium-term capital planning documents integrated with the annual/multi-annual budget cycle
- Strong involvement by the Ministry of Finance
- Also supported by the IMF/OECD/World Bank policy work

Conclusions and policy implications

(3) Ministry of Finance's role and responsibility in public investment:

- Bring fiscal sustainability focus to medium- to long-term investment planning
- Transparency at national level with regards to committed resources, available fiscal space and prioritisation of new projects, especially for those with 10+ years horizon
- Strengthen financial soundness of projects, through a strong quality assurance
- Involvement in annual spending envelopes and breakdown by ministries
- Link to accrual accounting

Conclusions and policy implications

Good practice examples are in place in many Member States, across the three elements, yet there is still room for improvement in terms of:

- extending use of cost-control tools
- ensuring appraisals are based on common parameters, including external reviews
- better integrated planning and budgeting cycle
- stronger role of Ministry of Finance

Improvement along the three elements can strengthen the quality of public finances and improve the medium-term fiscal structural plans.

Thank you



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