IPSI Tools | IPSI Pilots

Infrastructure investment can help secure faster and more durable growth. To get the most out of spending on infrastructure investment, the priority is to improve the quality of spending and, where appropriate, also the quantity. Toward this end, the Fund has recently launched an **Infrastructure Policy Support Initiative (IPSI)**. This initiative consolidated ongoing efforts to help all countries increase the efficiency of public investment and explore ways to sustainably scale up such spending.

IPSI Includes the following tools

- Public Investment Management Assessment (PIMA). The efficiency of public investment depends crucially on how it is managed. Countries with stronger public investment management institutions have more predictable, credible, efficient, and productive investments. The PIMA evaluates 15 institutions that shape public investment decision-making at the three key stages: (i) *planning* sustainable investment across the public sector; (ii) *allocating* investment to the right sectors and projects; and (iii) *implementing* projects on time and on budget. An assessment estimates the efficiency of the country's public investment, outlines the relative institutional strengths and weaknesses, and provides practical recommendations to enhance the efficiency and impact of public investment. PIMA has been piloted in about 20 emerging market and developing countries.

- PPP Fiscal Risk Assessment Model (P-FRAM) is an analytical tool developed by the IMF and the World Bank to assess the potential fiscal costs and risks arising from Public Private Partnerships (PPP) projects. In many countries, investment projects have been procured as PPPs not for efficiency reasons, but to circumvent budget constraints and postpone recording the fiscal costs of providing infrastructure services. Hence, some governments ended up procuring projects that either could not be funded within their budgetary envelope or that exposed public finances to excessive fiscal risks. To address these concerns, P-FRAM was developed as an analytical tool to quantify the macro-fiscal implications of PPP projects. It provides a structured process for gathering and analyzing information for a PPP project in a simple, user-friendly, Excel-based platform. The tool has been disseminated to interested authorities, accompanied by TA and training, and the Fund itself has applied it in several countries.

- Debt-Investment-Growth (DIG) is a dynamic macroeconomic model to support debt sustainability analysis. It allows policymakers to assess the macroeconomic consequences and potential risks associated with different financing strategies (including a mix of external concessional, external commercial, and domestic debt) and different trajectories of public investment as well as the implications of changes in investment efficiency. The model is constantly under development and can be used to look at new issues (e.g., building resilience to natural disasters). A version with an extended commodity sector to focus on resource-abundant developing countries is called DIGNAR. The model has been applied to more than 40 countries.

- Debt Sustainability Assessments (DSA) is the workhorse tool for assessing the sustainability of fiscal policies, including scaling up infrastructure investment. The DSA can also be used to examine alternative scenarios, such as higher or lower capital expenditures.

- Medium-Term Debt Management Strategy (MTDS) is an established tool implemented jointly with the World Bank. The MTDS framework and the related analytical tool provide a systematic and analytical approach for developing an effective debt management strategy. Such a strategy helps ensure that the government's financing needs and payment obligations are met at the lowest possible cost consistent with a prudent degree of risk. The IMF and World Bank have provided significant technical assistance and training in this area, especially since 2009.

IPSI Pilots

Several countries where infrastructure issues are particularly salient and constitute one of the key areas of engagement with the authorities have been identified as IPSI pilots. In these countries surveillance over public investment has been integrated with technical assistance and several IPSI tools have been used. These pilots include:

1. Cambodia
2. Colombia
3. Honduras
4. Kyrgyz Republic
5. Serbia
6. Solomon Islands
7. Thailand
8. Timor-Leste
9. Vanuatu