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IRELAND 2040: NOW FOR THE HOW

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OECD Economic Surveys IRELAND

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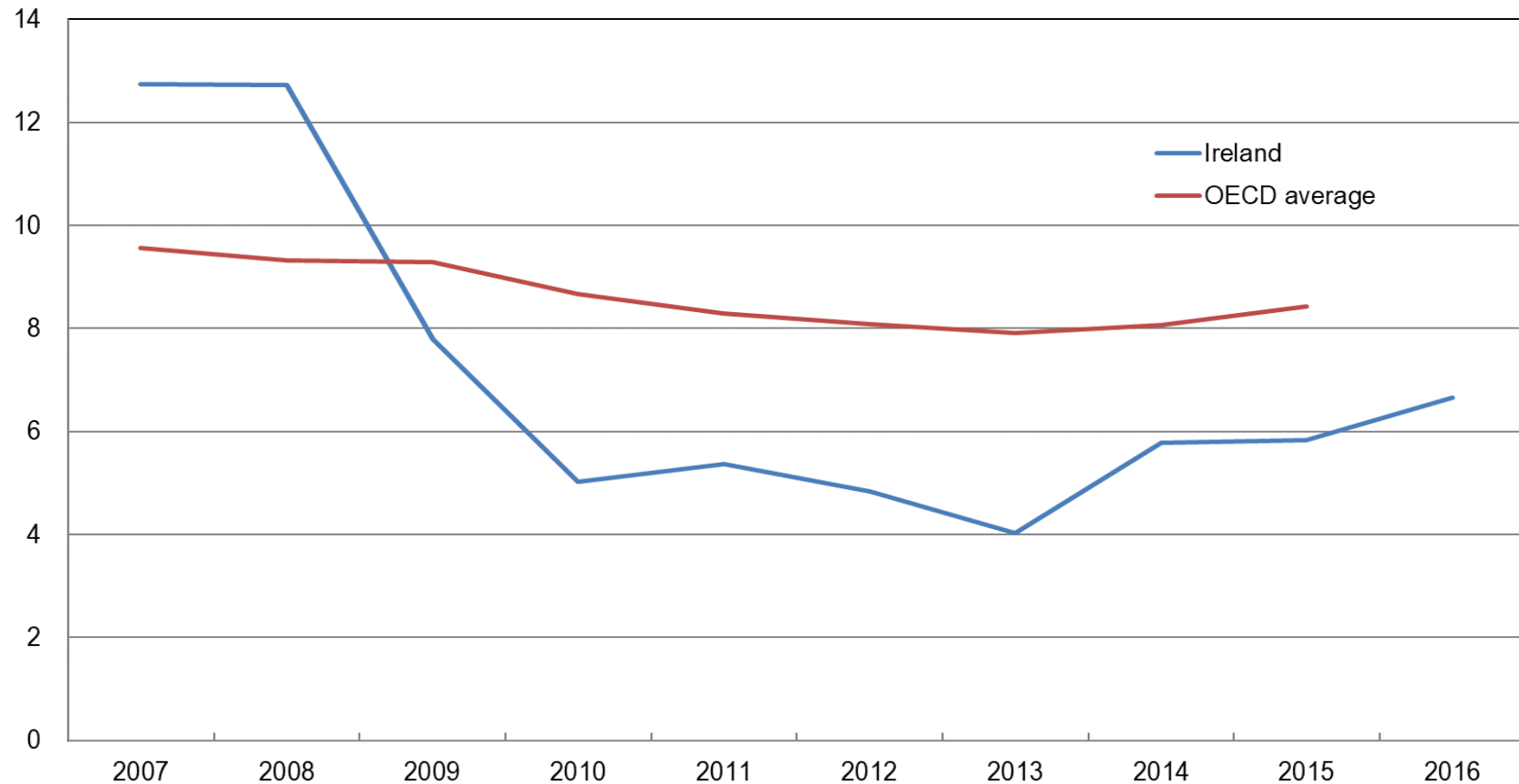


<http://www.oecd.org/eco/surveys/economic-survey-ireland.htm>



Post-crisis public investment in Ireland has been low

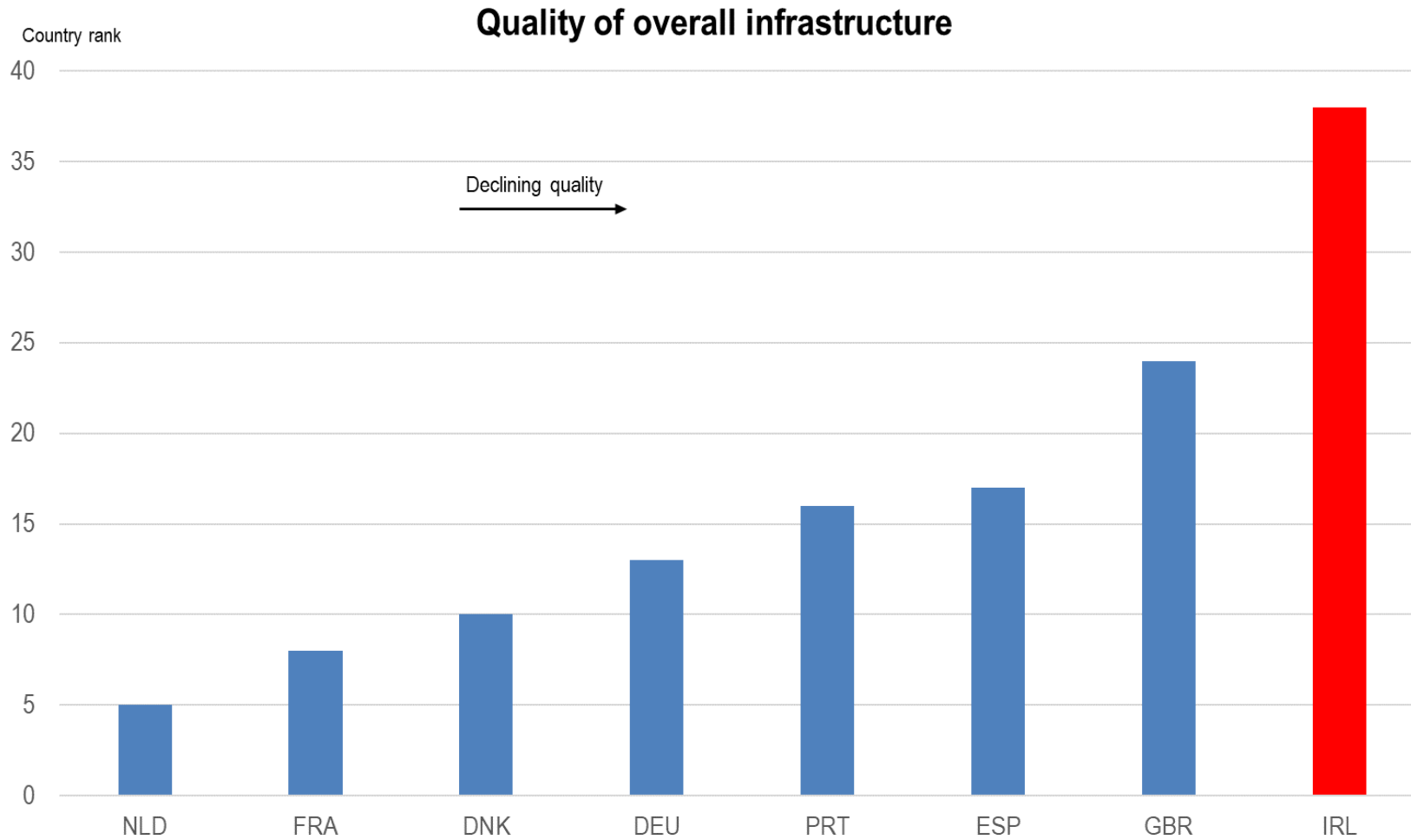
Government investment as a share of total government spending



Source: OECD Government at a Glance



The quality of Irish infrastructure lags



Source: World Economic Forum



Ireland 2040 seeks to address shortfalls

- Significant increase in the share of government investment in government expenditure under the National Development Plan (NDP).
 - Long-term approach to investment.
 - Strategic investment priorities identified (e.g. sustainable mobility, regional connectivity, strengthened rural economies, social housing...).
- Now for the implementation
 - Project Ireland 2040 Delivery Board established.
 - Infrastructure Projects and Programmes Office in DPER.
 - The Projects Tracker first published.



Good infrastructure governance is vital



“This is so cool... Leonard’s moved into jump position without his parachute. Let’s see how long it takes before he realizes that it’s missing”



On most dimensions of infrastructure governance, Ireland does pretty well

	Phase / Institution	Institutional Strength	Effectiveness	
A. Planning	1	Fiscal rules	Good: European fiscal rules, including structural balance and debt reduction targets are broadly complied with.	Medium: Fiscal rules are highly complex, and volatile Irish GDP makes them difficult to comply with.
	2	National and sectoral planning	Medium: A wide array of national and sector strategies are published, but loosely connected to DPER's capital plan and not well costed.	Medium: Information on capital projects, costs and performance targets in the NSP/sector/SOE plans is of varying specificity and quality.
	3	Central-local coordination	Medium: Borrowing by local governments is restricted by law, but SNGs have little flexibility in their spending envelope or choice of projects.	Medium: Decisions on investments by local governments are largely formula-driven from the center, though there are consultations with central departments.
	4	Public-private partnerships	Good: PPPs are regulated by a comprehensive framework of laws and procedural guidelines, aligned with international good practice.	Medium: Overall spending on PPPs has increased considerably, as allowed by the current fiscal rules.
	5	Regulation of infrastructure companies	Good: Infrastructure markets are either open to international competition, or operate as well regulated domestic monopolies.	Good: Foreign companies account for a high market share, three-quarters of the public companies publish their financial reports.
B. Allocation	6	Multi-year budgeting	Medium: Medium-term capital expenditure ceilings are in place, though medium-term forecasts are patchy, and no information of major projects is included in the budget.	Medium: Ceilings are not always adhered to, as increased revenues and fiscal space are allocated. No public reporting of lifetime project costs or benefits.
	7	Budget comprehensiveness	Good: Data on capital spending by extra-budgetary funds is limited, with EU-funded spending included in the budget, and investment by Public Corporations is well managed.	Medium: Information on PPP and SOE investments is published separately from the main budget documents.
	8	Budget unity	Good: Estimates of capital and recurrent spending are well integrated in the budget, and follow a GFS/ESA-compliant classification.	Medium: Data on spending on individual investment projects is fragmented; little information on maintenance spending.
	9	Project appraisal	Good: Economic appraisal using standard methodologies, which include risk analysis is required for all projects >€20 million. Central support provided by the Irish Government Economic and Evaluation Service (IGEES).	Good: Standard appraisal methodologies are consistently applied for major projects. Effective ongoing capacity building. Non-publication of appraisals is an issue.
	10	Project selection	Medium: DPER reviews all economic appraisals, but limited external input. Selection criteria exist, but are not unified. Pipelines exist at department/sector level.	Medium: Reviews during budgeting are cursory and not attentive to changes in project scope and cost; application of selection criteria is not transparent.
C. Implementation	11	Protection of investment	Medium: Capital outlays are appropriated annually; virements between capital and current expenditure are subject to DPER approval; carryover of up to 10 percent is allowed.	Good: Strong legal institutions ensure continuity of funding for ongoing projects, even during severe fiscal consolidation, and the virement facility is used exceptionally.
	12	Availability of funding	Good: The legal/procedural basis for cash management is comprehensive, and well aligned with international good practice.	Good: Cash forecasting and cash management are well executed across government, with timely release of funds.
	13	Transparency of execution	Medium: Open and competitive procurement in line with EU directives; monitoring largely performed at department level; no ex post audits of individual projects.	Medium: C&AG's office focused on financial rather than performance auditing; departmental monitoring works well; active monitoring at DPER level is under-developed.
	14	Project management	Good: Project management structures and guidance are well established, including rules for adjustments and fundamental review; post project review mandatory for major projects.	Medium: Fundamental review of projects is very infrequent. Non-publication of post-project reviews is not good for lesson-learning and transparency.
	15	Assets accounting	Low: A comprehensive asset survey is not carried out, but data are available for some sectors. No information on infrastructure assets in financial accounts.	Medium: Mixed ownership of state infrastructure assets leads to confusion over responsibilities, and is a major challenge to asset management. CSO compile estimates of capital stock and depreciation.

Source: IMF PIMA 2017



A lack of infrastructure data stands out as a weakness

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Ireland is not the only ones

Table 3.25. Is there a central, systematic and formal collection of information on financial and non-financial performance of infrastructure that makes it possible to compare various forms of infrastructure delivery models?

Yes	No
Australia	Austria
Finland	Belgium
Japan	Chile
Mexico	Czech Republic
New Zealand	Denmark
Korea	Estonia
Spain	France
	Germany
	Ireland
	Italy
	Luxembourg
	Norway ¹
	Slovenia
	Sweden
	Turkey
	Switzerland
	United Kingdom
	Hungary ²
Non-OECD	Non-OECD
Philippines	South Africa

Source: OECD Survey of Infrastructure Governance



How does the systematic collection of infrastructure data help?

In the use of existing infrastructure

- Understanding how assets are used.
- Identifying opportunities for improved management.
- Identifying better ways of managing demand.

In the planning phase:

- Identify bottlenecks where new infrastructure is needed.
- Identify maintenance and upgrading needs.
- Identify the delivery model that tends to work best.

In allocating funds:

- Properly costing and contracting projects.
- Encouraging participation by the private sector.
- Achieving buy-in from stakeholders (if data made public)

In implementation:

- In benchmarking progress – “projects tracker” database



Policy conclusion

Ireland should systematically collect information on the performance of existing public assets to better enable transparent, evidence-based, prioritisation of future infrastructure projects.



Case Study: New Zealand

- National Infrastructure Plan 2011
 - Identified a lack of data to assess the performance of its infrastructure as a major constraint for infrastructure planning.
- In 2014, the National Infrastructure Unit published the first **cross-sector infrastructure evidence base** (refreshed subsequently)
 - Performance indicators.
 - Sector specific scenario analysis to identify future demand pressures on infrastructure.
 - Use data to build resilience assessments (how does the particular infrastructure hold up in a crisis).



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