Recent reforms of public investment management (PIM) in the EU: lessons learnt*

PEMPAL Budget Community of Practice
Workshop on Capital Budgeting

1 October 2025

Cristiana Belu Manescu
Directorate General for Economic and Financial Affairs
European Commission

** Disclaimer: The views expressed in the slides and during my speech are my own and cannot necessarily be attributed to the European Commission.*

Outline

1. Background of PIM workstream at DG ECFIN
2. Analysis of PIM reforms, jointly with Emily Cariou Reynell (DG ECFIN) and Lazaros Dimitriadis (SG REFORM)
3. Success factors of PIM reforms
4. Implementation hurdles
5. Conclusions and lessons learnt

DG ECFIN approach

WHAT

- Focus on the efficiency of public investment spending, in collaboration with the preparatory committee of the Economic and Financial Affairs European Council (ECOFIN), which *inter alia* monitors **budgetary policies** of the EU Member States
- Part of the EU **macroeconomic surveillance processes** (e.g., European Semester and the new Economic Governance Framework)
- Regular **exchanges of good practices** and learning from peers among Member States
- Coordinate with SG REFORM for technical support (TSI) offered to Member States on demand

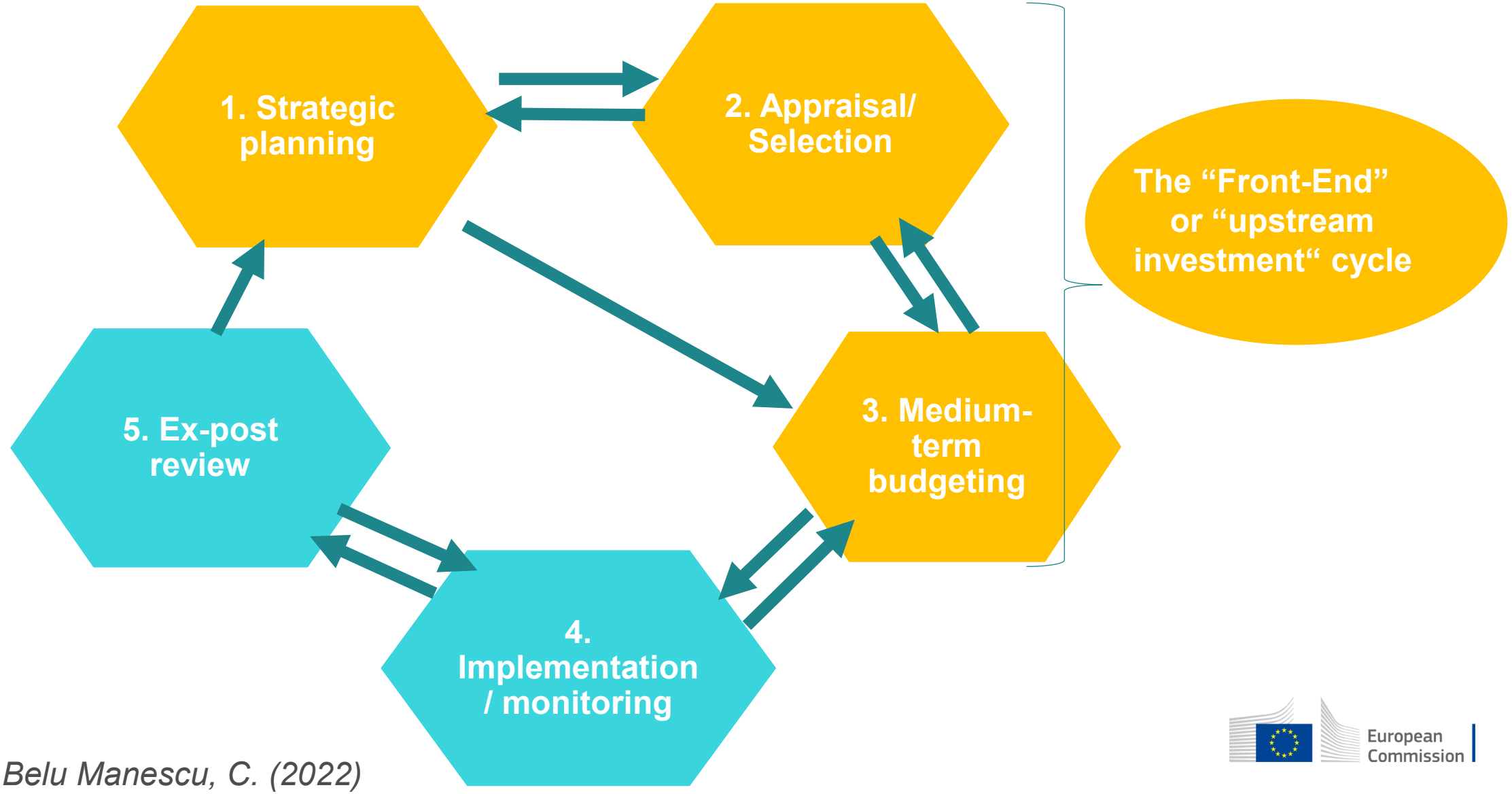
It is useful to develop a common understanding on public investment management within the EU Member States.

DG ECFIN approach

HOW

- Develop an **assessment framework** and analytical work on the full investment cycle (planning, appraisal/selection, budgeting, implementation and ex post reviews)
- Build a data repository: **run surveys with all Member States** (1st survey in 2022, second survey launched in April 2025)
- Manage an **informal EU network of national experts** on public investment management
- Provide theoretical support for COM **technical assistance on PIM** to EU Member States and
- Collaborate with academics and international partners

The investment cycle: an **integrated approach** to planning, selection and budgeting



Source: Belu Manescu, C. (2022)

Overview of PIM reforms

Geographic coverage

- Focus on EU-supported reforms (because of data availability)
- PIM reforms in **nine** Member States
- Focus on **core and significant PIM reforms** (e.g., changes in governance or significant methodological changes)
- Reforms have had **different timespans**

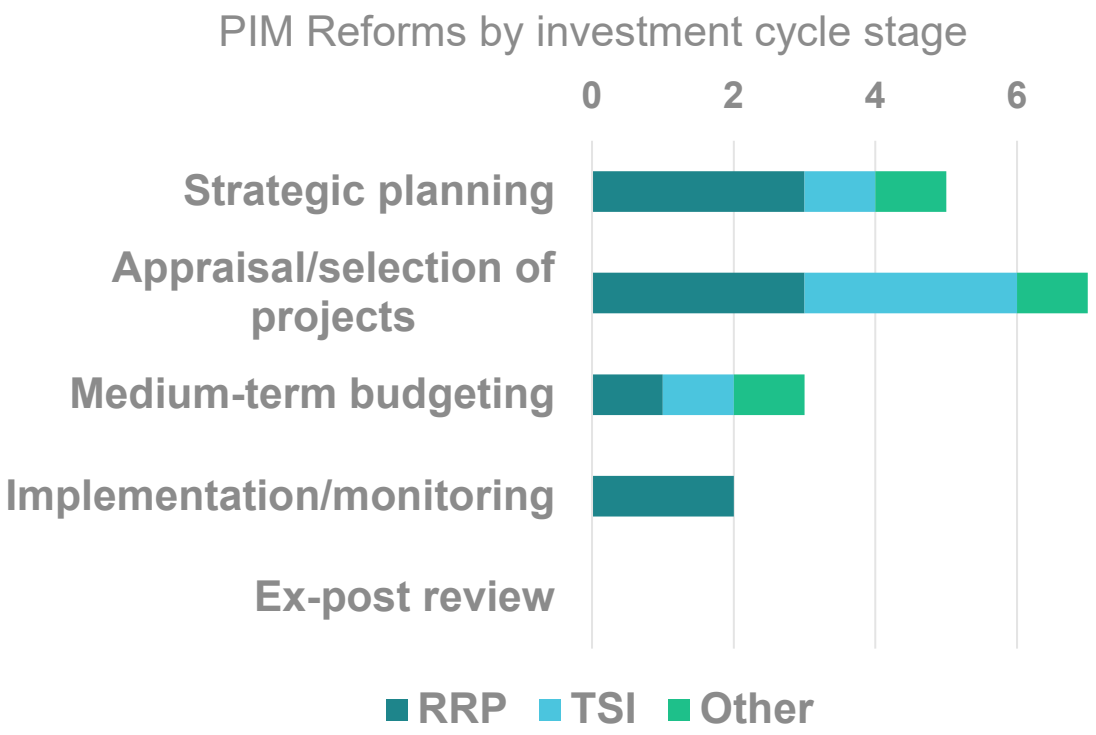
Reform type

- Most reforms focus on the upstream cycle
- Some reforms have been initiated in response to Country Specific Recommendations (e.g., ES, RO), others by milestones in the Recovery and Resilience Plans (e.g., BE, BG), others at country initiative (e.g., EL, LT)
- Type of reforms:
  - legal nature (BE, BG, EL, ES, LT, RO, SK)
  - new body (BE, BG, CZ, SK)
  - new methodology/strategy (BG, CZ, LT, SK)
  - new payment system (EL)

Reform type

Strategic Planning:
- integrated planning and budgeting system (BG, LT),
- new planning and financing in transportation (ES),
- coordination of entities (BE – federal),
- new strategic budgetary programming mechanism (RO)

Appraisal/selection of projects:
- Standardised methodologies for assessment and selection (BG, LT, SK)
- Selection of significant investment projects (BE-Brussels, RO)
- Preparation of EU projects (CZ)
- Climate integration into appraisal process (IE)



Medium-term budgeting:
- integrated planning and budgeting system (BG, LT)
- Budgeting protection for significant investment projects (RO)

Implementation:
- Procurement (CZ)
- Payment systems (EL)

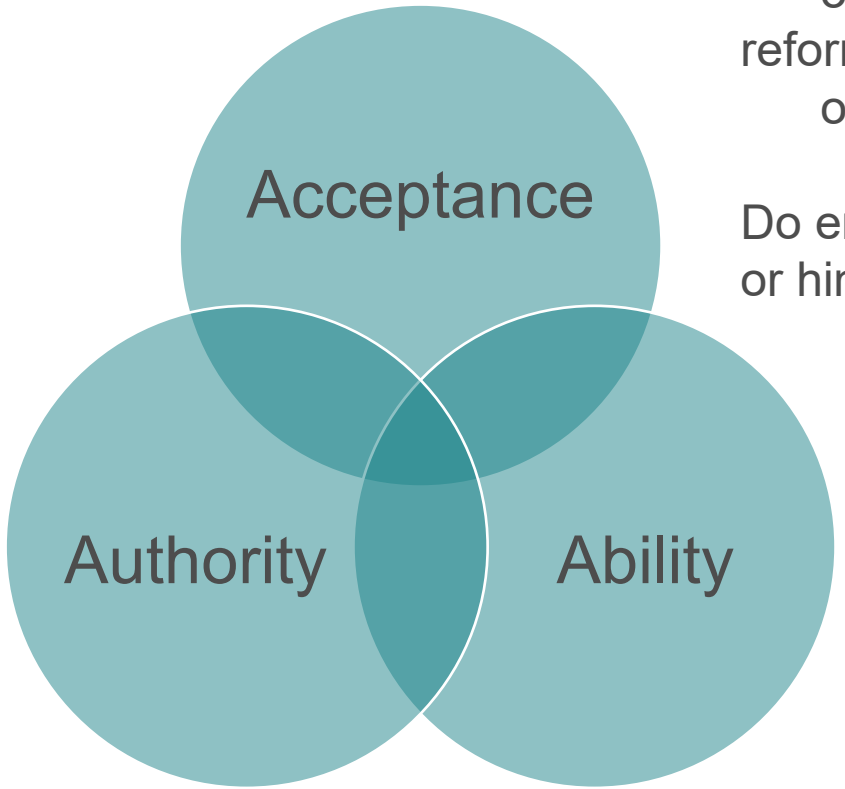
European Commission

Initial conditions for success

The AAA framework

Does legislation allow people to challenge the status quo and initiate reform?

Do formal organisational structures, rules, allow reformers to do what is needed?



Is there acceptance
- of the need for change and reform?
- of the specific reform idea?

Do embedded incentives facilitate or hinder acceptance?

Are there enough people, with appropriate skills, to conceptualise and implement the reform?

Are there appropriate information sources?

Source: Andrews (2008) "Creating Space for Effective Political Engagement in Development"

Initial conditions

- Based on interviews with **Belgium**, **Bulgaria**, **Greece**, **Lithuania** and **Slovakia** in July 2025

- Successful reforms are broadly associated with the three conditions being in place:
  - **Authority**: legal documents and political support; existence of some type of PIM Competency Centre with sufficient authority to engage with line ministries
  - **Acceptance**: close stakeholder engagement
  - **Ability**: enough resources, skills, trainings initially and over time (talent retention)

- When one factor is missing, reform stalls:
  - Belgium: resources for the new PIM unit were secured only for the first two years
  - Spain: the New Mobility and Financing in Transportation Act has failed to be adopted since 2023

Success factors

- **Broad political** support is essential to drive PIM reform under successful governments
- In some cases, **EU initiatives**, including technical support, can offer the necessary push to catalyse national support
- A **strong Ministry of Finance** plays a pivotal role in driving change and maintaining the reform on track through successive governments
- A **PIM Competency Centre** with close ties to the government can facilitate knowledge retention and dissemination, and carry the authority/leadership required to engage with line ministries

PIM Reform implementation hurdles

- Push-back on reforms from line ministries is to be expected
- A successful reform must consider the fine line between political and technical considerations for project selection decisions
- New assessment guidelines are much more difficult to apply to ongoing projects than to new projects (once a project is started it is difficult to stop/adjust)
- Skills gap in implementing PIM reforms in the public sector can be a hurdle

Conclusions and lessons learnt

- Many examples of successful PIM reforms in the EU;
- Successful PIM reforms rely on a combination of enabling conditions, strong leadership, iterative learning, and sustained political commitment;
- EU initiatives such as the Recovery and Resilience Plans provided a catalyst for some of the PIM reforms;
- Successful and lasting reforms tend to simultaneously address the planning/selection and budgeting of investment projects;
- Pivotal role of Ministry of Finance and a PIM Competency Centre;
- PIM reform takes time (e.g.. two-three government terms), is rarely a linear process and some decisions may need revisiting.

Next steps

- New PIM survey data from the EU by end 2025, focused on appraisal/selection and budgeting tools.
- Continued engagement with the EU PIM Expert Group
- More prominence of the quality of PIM issue in the EU annual macro-surveillance tools (e.g., Country Reports 2026)
- Forthcoming book on "*Governance of Public Investment Projects: A comparative perspective*", edited by Vedran Zerjav, Morten Welde, Gro Holst Volden (from Concept Research Group and the Norwegian University of Science and Technology), published by Wiley.

References

Belu Manescu, C. (2021), "Public investment management in the EU: key features and practices", European Economy Discussion Paper No. 154, European Commission.

Belu Manescu, C. (2022), "New evidence on the quality of public investment Management in the EU", European Economy Discussion Paper No. 177, European Commission.

Belu Manescu, C., (2024), "The Planning of Public Investments in the EU Member States: Long-term Strategy, Selection, and Budgeting Issues ", European Economy Discussion paper no. 213, European Commission.

Samset, K. F., Volden, G. H., Olsson, N., & Kvalheim, E. V. (2016). *Governance Schemes for Major Public Investement Projects: a comparative study of principles and practices in six countries.* Ex Ante Academic Publisher; The Concept research program; Norwegian University of Science and Technology.

Valden, G. H., & Samset, K. (2017). Governance of Major Public Investment Projects: principles and practices in six countries. *Project Management Journal*, 90-108.

Welde, M., & Klakegg, O. (2024). Avoiding cost overrun through stochastic cost estimation and external quality assurance. *IEEE Transaction on Engineering Management, nr. 71.*

Thank you

Slide xx: element concerned, source: e.g. Fotolia.com; Slide xx: element concerned, source: e.g. iStock.com

European Commission