
Capacity Development at MoFTs at State and Entity level for Effective Management of Public Investments

**ROUND TABLE MEETING - PUBLIC FINANCE MANAGEMENT IN BIH-
STRATEGIC PLANNING, BUDGETING AND PUBLIC INVESTMENTS**
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**PROJECT “Capacity Development at MoFTs at State and Entity Level for Effective
Management of Public Investments” - SHORT SUMMARY**

The Project is designated to increase the capacity of Ministry of Finance and Treasury, Ministry of Finance of Republika Srpska and Federal Ministry of Finance as well as other government bodies in management of public investment process.

The overall objective of the Project is to design and implement an integrated planning and budgeting system, to functionally connect strategies and PIP processes. A properly designed Public Investment Program will in this way become a key instrument for the governments for aligning the sectoral priorities with the available development resources and the national development objectives, including EU related and other development priorities.

The specific objectives of the Project are:

- To further improve the quality of project proposals submitted by institutions for financing from budget, loans and donor funds including IPA;
- To further improve the preparation process of Public Investment Programme (PIP) and its section related to Development Investment Programming (DIP) to enable financial monitoring of the full project cycle and support to financial implementation of the strategies;
- To strengthen the link between the key processes relevant for optimal allocation of resources: public investment planning, strategic planning and budgeting at all levels of BiH government, and
- To develop and implement training programme for all BiH and entity institutions in project formulation and development in line with strategic priorities at state, entity and canton level.

By further upgrading of Public Investment Programme/Development Investment Programme (PIP-DIP) it will become a principal instrument for implementation of the strategic planning documents.

Connecting sources of public finance with the strategic plan and priorities will enable much better medium-term budgetary planning and reporting and evaluation of the budget execution.



One of the key conditions for quality design of the medium-term budget strategy at state and entity levels is establishment of a harmonised system for management of public investments. In such a system, a short and medium-term public investment decision making process would be based on financially realistic scenarios as well as linked to socio-economic development strategies and priorities and will considerably improve medium-term budgetary planning and sustainability.

The full introduction of the PIP /DIP planning system will not be complete without positioning it in a function of programming and implementation of EU funds, credit funds and future selection of public-private partnership projects. The fully developed PIP/DIP process will enable:

- Preparation of estimates and calculation of development cost in line with development priorities;
- Preparation of financing scenarios for financing of development priorities from various sources of finance;
- Design of financing proposals as input to preparation of the budget