



Government of Malawi

Public Sector Investment Programme (PSIP) Preparation Guidelines

The Ministry of Finance, Economic Planning and Development

Department of Economic Planning and Development

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Acronyms and Abbreviations

EP&D	Department of Economic Planning and Development
PSIP	Public Sector Investment Programme
MFEPD	Ministry of Finance, Economic Planning and Development
MDAs	Government Ministries, Departments and Agencies
MGDS	Malawi Growth and Development Strategy
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework

1.0 INTRODUCTION

One of the mandates for the Department of Economic Planning and Development (EP&D) is to coordinate the formulation and management of development programs and projects. In line with this, the Department has updated the guidelines to facilitate timely and quality production of the 2019/20-2023/24 Public Sector Investment Programme (PSIP).

There is a standard procedure for formulating the PSIP. The procedure particularly requires that projects are generated by Government Ministries, Departments and Agencies (MDAs). The MDAs are supposed to pre-appraise and rank the projects in their order of importance or priority before submission. The prioritized projects are submitted to the Department of Economic Planning and Development (EP&D) for overall appraisal. The Department of the Economic Planning and Development finally produces a recommended list of projects for inclusion into the Medium Term Expenditure Framework (MTEF) and the national budget.

The 2019/20-2023/24 PSIP formulation guidelines have been developed to provide direction with regard to specific critical issues that ought to be considered when developing or submitting proposals to EP&D. These guidelines are processes and procedures that are followed in formulation, submission, and implementation of PSIP projects. For a full familiarization of the PSIP process, refer to the PSIP Preparation Handbook and PSIP Appraisal Manual.

2.0 PREMISE FOR THE DEVELOPMENT OF 2019/20-2023/24 PSIP

The Government advocates policy-based planning at all levels especially in MDAs, in which case, all programmes and projects have to be aligned to specific Government approved policy. While projects and programmes are developed to address certain gaps, their design should be well aligned to the Malawi Growth and Development Strategy as well as sectoral policies. Any project that falls short of demonstrating this alignment will not be considered for entry into the 2019/20-2023/24 PSIP.

3.0 THE PSIP PREPARATION PROCESS

The PSIP Unit finalized upgrading the PSIP database. In this regard, the teams tasked to prepare projects in MDAs are informed to continue using version four of the PSIP database as they are preparing projects for the 2019/20-2023/24. The biggest change that has been done is that the database has been upgraded and this warrants new ways of doing business. In conforming to these changes, MDAs need to take into consideration the following salient issues:

3.1 PROPOSAL TEMPLATES

The PSIP database is designed to capture proposal submissions in MS Excel-formats only. MDAs should therefore ensure that all submissions to be considered for appraisal in 2019/20-2023/24 are prepared and submitted on Ms Excel sheet already designed by EP&D and accessible to all MDAs. However, should MDAs want to provide more details beyond what the MS excel version of the template would capture, they can still do so and EP&D will find means of keeping that information.

There are three templates to be used namely: on-going, pipeline and new projects templates. The on-going and pipeline projects templates will be prefilled and MDAs are requested to validate and update the information, whereas templates for new projects will be blank. MDAs can download templates on the following link: psip.malawi.gov.mw. , Submission of the 2019/20-2023/24 proposals will use the excel templates as in the previous year and MDAs are requested to follow the format and fill the templates with all the required information. The Department of Economic Planning and Development will communicate to all MDAs when the upgrading process of the PSIP database is complete.

3.2 PROVISION OF SUFFICIENT AND ACCURATE INFORMATION

The MS Excel templates are designed in such way that they capture all vital information for proper appraisal of projects. Appraisal criterion for New, Pipeline & Ongoing Proposals is accessible on psip.malawi.gov.mw. The templates have compulsory-data parts marked with a star * and if these parts are not filled the submission will be

deemed incomplete and thus not included as part of 'to be appraised list of projects'. Experience has it that most of the ignored yet important sections of the proposal templates include "Project Logical structure", "Project costing by activity", and "the M&E framework" for new projects and the "Performance information" for on-going projects. **It should be noted that insufficient information provides a weak platform for conducting appraisal leading to rejection of otherwise important and critical projects for the development of the country.** It is in this regard that MDAs are strongly encouraged to fill in the templates with all the necessary information that the templates are designed to capture to facilitate proper decision-making in as far as entry into the PSIP is concerned in each given year. All MDAs have been given an opportunity to provide more information in case of on-going projects that do not currently have adequate information in the database. Any on-going projects without adequate information in the database will be discontinued until the responsible institution provides such information.

3.3 PRIORITIZATION

It is apparent that government resource-envelope cannot accommodate all proposals by MDAs as well as on-going projects. For 2019/20-2023/24 financial year, MDAs are called upon to embark on serious prioritization and reprogramming of their projects to match financial ceilings provided to them. In this regard, on-going projects should be prioritized over new projects and MDAs are advised to stick to on-going projects until they are completed and re-strategize where necessary on how to achieve results. MDAs are encouraged to prioritise Flagship projects in the MGDS III. **MDAs should also present their submissions in order of priority and importance from their standpoint.** This order becomes critical when deciding what projects should be pended or taken on board for implementation in the context of constrained resource envelope.

3.4 RECURRENT ACTIVITIES IN THE PSIP

Projects which are recurrent in nature should not be submitted for consideration into the PSIP. Department of Economic Planning and Development will consider for appraisal and approval only projects which reflect development investments. In an event, which is usually the case, that MDAs find their ORT inadequate to finance their routine activities, institutions should not attempt to projectize their activities as a means of acquiring funding. MDAs are encouraged to highlight their ORT funding gap, build a case, and take it up with Ministry of Finance, Economic Planning and Development (Budget Division), which will deal with such issues on case by case basis taking into account available resources.

3.5 PSIP AND THE DEVELOPMENT BUDGET

It is important to note that the PSIP informs the development budget since the funded priorities within the PSIP are what constitute the development budget every year. A poor quality PSIP translates into a poor quality development budget. As such an appeal is made to MDAs to ensure that projects preparation process is given the attention it deserves to ensure high quality project proposals. As much as possible, it is important to let those who are familiar with proposed projects participate in budget estimate exercises.

3.6 SUBMISSION OF PROPOSALS

All the project proposals to be considered for PSIP should be submitted to the Department of Economic Planning and Development. Proposals that do not pass through the appraisal structure established by EP&D, will neither be considered nor form part of any discussions at any point within the PSIP processes and will ultimately not be included in the development budget. Submissions should be made in soft-copies preferably in Ms Excel templates and should include off budget projects. Note that ***EP&D will receive applications for 2019/20-2023/24 PSIP until 31st August, 2018.*** Any

proposal submitted later than this date will not be considered for inclusion into the 2019/20-2023/24 PSIP.

Submission of Quarterly performance report Q1 and Q2 reports for ongoing projects of current fiscal year is required as it forms a basis for PSIP project appraisal for the coming fiscal year. Quarter 1 report of current fiscal year (FY2018/19) is required to be submitted until 31st August 2018 together with PSIP proposal template for FY2019/20.

The PSIP recognize the importance of using the Project Financial Management Information Tool (PFM-IT). Project Financial Management Information Tool is a project based accounting tool for daily financial information. By keeping this, monthly, quarterly, bi-annual or annual total aggregated expenditures by activity, output as well as by line-item are produced. This can help project managers to monitor progress from financial performance point of view at the same time facilitates expenditure record reconciliation with IFMIS This can then form the basis for Quarterly Progress Report. The PFM-IT is also accessible on psip.malawi.gov.mw.

3.7 PSIP MINISTERIAL MEETINGS AND BUDGET HEARINGS

The Department of Economic Planning and Development conducts PSIP Ministerial Meetings every year to accord each MDA an opportunity to present progress status on on-going projects against previous year resource allocation and also to discuss any new projects for consideration into the following year PSIP, in this case, 2019/20. It is important that all MDAs attend these meetings to provide enough information to be used in appraising the submitted projects. Similarly, the Budget Division of MFPD conducts Budget Hearings on annual basis and MDAs are encouraged to prioritize these meetings. Guidelines on preparation of budget estimates stipulate that budget hearings should not be considered as an opportunity to apply for more resources but rather be seen as a forum for discussing and demonstrating how institutional strategic-plans would be implemented in a given year.

3.8 CONTRACTUAL OBLIGATIONS

MDAs submitting on-going projects where Government provide part II for funding consideration in 2019/20 should highlight clearly any contractual obligations either with contractors or where government is supposed to provide counterpart funding. These are supposed to be presented at Ministerial meetings so that proper decisions with regard to additional resource requirements to such projects are properly estimated. Experience has shown that failure to take into account these issues at PSIP consolidation stage creates a lot of project implementation challenges.

3.10 PSIP APPRAISALS AND FEEDBACK

There have been concerns from MDAs that the Department of Economic Planning and Development has not been able to provide feedback to them especially after submission and appraisal of projects. EP&D will in 2019/20 ensure that appropriate feedback is given to MDAs regarding developments on their submissions through PSIP Desk-officers. EP&D will be proactive just as MDAs are also encouraged to do the same. It should be noted that successful implementation of the PSIP is only achievable in the context of active and proactive interaction between Ministry of Finance, Economic Planning and Development and MDAs.

3.11 PSIP DESK OFFICERS (PDO)

A PDO is an officer serving in the Development Planning Division of MFEPD who has been given the responsibility of ensuring that there is continuous flow of information between EP&D, on one hand, and MDAs which originate proposals or implement projects in the PSIP, on the other. Usually, a PDO will be assigned to more than one Ministry/Department. He/ she serves as a link between line ministries/departments and EP&D in both the preparation and execution of the Public Sector Investment Programme through getting engaged in the PSIP related activities of a Ministry attached to him/her. MDAs are therefore urged to utilize their PSIP desk-officers as much as

possible. All communication to the Ministry however will always have to be addressed to the Acting Chief Director for Economic Planning and Development.

PSIP will hold PSIP seminar for Directors of Planning of MDAs in August, 2018 which will be followed by PSIP orientation workshop for 2 officers in charge of PSIP in MDAs plus Project accountants. PSIP officers from EP&D will assist through hands-on guidance to MDAs so as to ensure that all the submissions are completed by the deadline. Attached to these guidelines is a list of PSIP desk officers and their MDA portfolio from August, 2018

4.0 CONCLUSION

The Department of Economic Planning and Development hopes that adherence to issues stipulated in these guidelines will help considerably in terms of improving the PSIP process. The guidelines should also be seen as providing a platform for further dialogue on technical issues between Ministry of Finance, Economic Planning and Development on one hand and the MDAs on the other. It is important to note that PSIP informs the development budget, implying that improved PSIP processes are likely to affect quality of the development budget. Please note that all the PSIP tools in this guidelines are downloadable from PSIP Portal site (psip.malawi.gov.mw)