



Government of Malawi

Public Sector Investment Programme (PSIP) Preparation Guidelines

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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 II	Malawi Growth and Development Strategy (II)
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework

1.0 INTRODUCTION

The Department of Economic Planning and Development (EP&D) in line with its mandate of coordinating the formulation and management of development programs and projects has produced these guidelines to facilitate timely and quality production of the 2015/16 Public Sector Investment Programme (PSIP).

As you are aware there is a standard procedure for formulation of the PSIP. The procedure particularly requires that projects are generated by Government ministries, departments and agencies (MDAs) following pre-appraisal by MDAs themselves. Priority projects have to be submitted to Department of Economic planning and Development (EP&D) for overall appraisal of all proposals besides the appraisal of each one of the submitted proposals. EP&D finally produces a recommended list of projects for inclusion into the Medium Term Expenditure Framework (MTEF) and the national budget.

Despite the existence of this standard practice, project formulation, submission and implementation is faced with a number of challenges which have to be dealt with. The 2015/16 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. For a full familiarization of the PSIP process refer to the new version of the PSIP Preparation Handbook and PSIP Appraisal Manual.

2.0 PREMISE FOR THE DEVELOPMENT OF 2014/15 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 II as well as sectoral policies. Any projects that fall short of demonstrating this alignment will be denied entry into the 2015/16-2020/21 PSIP.

3.0 THE PSIP PREPARATION PROCESS

With regard to the preparation of projects for 2015/16, teams tasked with development of the same in MDAs should understand that there are a number of changes taking place aimed at improving the PSIP process in general. In particular, the PSIP database is being upgraded thereby warranting new ways of doing business. In conformity with these developments, MDAs ought 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 2015/16 are prepared and submitted on Ms Excel sheet already designed by EP&D (PSIP Section) 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 are still free to do so and EP&D will find means of keeping that information.

3.2 PROVISION OF SUFFICIENT AND ACCURATE INFORMATION

The MS Excel templates are designed in such way as to capture all vital information for proper appraisal of projects. 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 the 'M&E framework' for new projects and the 'financial sections' 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 entry into the PSIP is concerned in each given year. All MDAs will be given 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 especially after the responsible institution has had opportunity to provide 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 2015/16 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 should also present their submissions strictly 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. 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 desist from any attempts 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. Recurrent activities should not be disguised as development activities.

3.5 PSIP MINISTERIAL MEETINGS AND BUDGET HEARINGS

PSIP Ministerial Meetings are conducted by EP&D 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, 2015/16 Public Sector investment Programme (PSIP). It is imperative that all MDAs attend these fora and ensure that representation is at decision-making level. Similarly, the Budget Division of MFEPD conducts Budget Hearings on annual basis and MDAs are encouraged to do a thorough home-work before these meetings in-terms of preparation of their development portfolio and its requirements. Guidelines on preparation of Budgets stipulate that budget hearings should not be understood by MDAs as an opportunity to apply for more resources. On the contrary, the hearings should be construed as a forum for discussing and demonstrating how institutional strategic-plans would be implemented in a given year.

3.6 SUBMISSION OF PROPOSALS

It should be noted that the right project submission avenue remains the Department of Economic Planning and Development. In this respect, MDAs are requested to strictly follow this submission avenue to facilitate proper interaction and collaboration between Ministry of Finance, Economic Planning and Development on one hand and all other PSIP Stakeholder Institutions on the other, with respect to PSIP and development budget formulation processes. Proposals that are submitted in a manner as to

bypass the appraisal structure established by government, 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. It is, therefore, imperative that MDAs submissions be scrutinized by the appropriate authority (EP&D-PSIP Unit), which then upon appraisal makes recommendation for inclusion into the development budget and the consequent fund in a given financial year. Submissions should be made in soft-copies preferably in Ms Excel templates and should include even discreetly funded projects. Note that ***EP&D will receive applications for 2015/16 PSIP until 28th November, 2014.*** Any proposal submitted later than this date will not be considered for inclusion into the 2015/16 PSIP.

3.7 PROJECT TEMPLATES AND UPGRADING OF THE PSIP DATABASE

The design of project proposal submission templates may keep on changing for sometime (each year) depending on the nature of information to be captured as well as feedback from MDAs with regard to the user-friendliness of the templates. The Department of Economic planning and Development is geared to improve the PSIP process with support from the Japanese Government. This also entails an already on-going process of upgrading the PSIP database which may take some time. The process of upgrading the database may bring about a number of changes including the design of templates and MDAs should bear with these changes and comply where necessary. There are two templates to be used namely: on-going and new projects templates. The on-going projects templates will be prefilled and MDAs are requested to validate and update the information,

whereas new templates will be blank. MDAs can download templates on the following links: **//10.1.104.1** or **psip.malawi.gov.mw** and in addition CD's will be handed out to MDAs. The Ministry of Economic Planning and Development through the Capacity Enhancement in Public Sector Investment Programming (CEPSIP II) Project will continue to identify any shortfalls regarding the design of these templates and is geared to improve it. This exercise is part of upgrading the entire PSIP database and may therefore take some time. In this regard, submission of the 2015/16 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.

3.8 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, let those who are familiar with proposed projects participate in budget estimate exercises.

3.9 CONTRACTUAL OBLIGATIONS

MDAs submitting on-going projects where government provide part II for funding consideration in 2015/16 should highlight clearly any contractual

obligations either with contractors or where government is supposed to provide counterpart funding. This element will be comprehensively discussed each year along with other critical issues during PSIP Ministerial discussions so that additional resource requirements to such projects with contractual obligations are properly estimated. Failure to take into account these issues at PSIP consolidation stage has had to create a lot of project implementation challenges in the recent past.

4.0 PSIP APPRAISAL AND FEEDBACK

There are concerns from some 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. Going forward, EP&D will in 2015/16 ensure that appropriate feedback is given to MDAs regarding developments on their submissions through PSIP Desk-officers. EP&D will endeavor to 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 on one hand, and MDAs on the other.

4.1 INDICATIVE CEILINGS

The 2015/16 ceilings have been allocated by project other than by vote as was the case in the previous year. This approach is an attempt to, among other issues; reduce the discrepancies between PSIP allocation and Development Budget. However, MDAs are encouraged to complement this

process through prioritization within their overall ceiling in order to achieve respective strategic objectives. It is imperative to consult EP&D should MDAs consider otherwise on resource allocations to projects. EP&D will provide immediate feedback on the same.

4.2 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. She/ he serves as a link between line ministries/departments and EP&D in both the preparation and execution of the Public Sector Investment Programme through engaging and 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 Secretary for Economic Planning and Development.

5.0 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. It is expected that MDAs and the Ministry of Finance, Economic Planning and Development will take their rightful role and do the needful to ensure that there is improvement in the conduct of PSIP business. These

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 it is the PSIP that informs the development budget, implying that improved PSIP processes are likely to affect quality of the development budget.