

**Instructions and Guidance on Completing
The New Project Proposal (NPP Template
For the Pre-Screening of New Public Investment Project Proposals/Concepts**

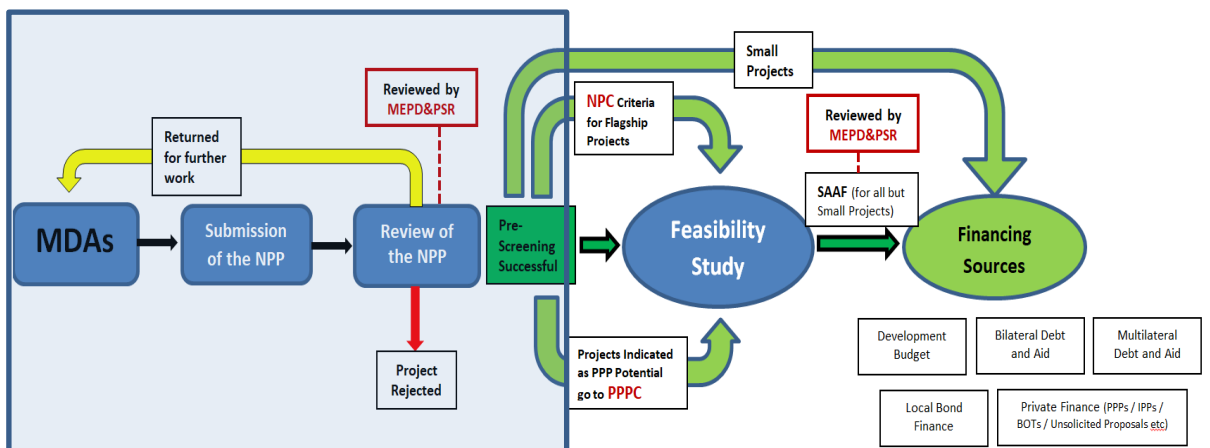
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1. Introduction

1.1 The Template for the New Project Proposals (NPP) for Public Investment Projects (hereinafter ‘the template’) is being introduced as part of an ambition to improve the quality of public investment projects in Malawi. It should apply to all public investment projects, regardless of the intended designation, form of implementation or source of financing. It is a means of initial pre-screening to ensure that all project ideas are part of the government’s priorities; have been thought out carefully and have already been subject to some initial planning and estimations. This will give the proposing authority some indication of whether or not the project might ultimately be approved and implemented in the future.

1.2 These instructions provide advice and guidance to line ministries that submit new ideas for public investment projects for pre-screening. It also provides instructions to assessors at the Ministry of EPD&PSR, who will have the responsibility to assess them. The template may appear to require more information than in previous times but this is necessary in order to check the overall quality of project proposals and ultimately, to improve outcomes from public investments. Quality assurance is a process that needs to run through the entire project cycle beginning with pre-screening and which continues through the project cycle for those proposals that are successful. The whole pre-implementation quality assurance system is shown in Figure 1 and the subject area of these instructions is shown in the shaded area.

Figure 1: Subject Area of these Instructions



1.3 The assessment of all new public investment project proposals must be conducted using this template. Assessments that are not fully complete or sent in another format will be deemed ineligible for assessment and will be returned to the line ministry without assessment. Additionally, anybody that has the authority and competence to make an

assessment, whether it is a public official or an external expert (consultant, technical committee member or others) employed for the task is subject to the requirements of these *Instructions and Guidance* and must comply with the template format.

1.4 Project proposers are responsible for ensuring that the template is fully completed and that they are of a high quality standard. Therefore they should ensure that information that is provided is complete and clear enough to stand the best possible chance of a successful assessment. When a completed template is unable to demonstrate that it complies with the needs of the assessment because answers are not clear enough, it will be returned for further work, thus delaying a decision; or it may even be rejected.

2. Purpose and Scope of the NPP Template

2.1 The overall purpose of the NPP is to improve the quality of public investments in Malawi. It will achieve this through a more *consistent presentation of information* by project proposers and careful *quality checking* of that information. This will require line ministries to complete a NPP for each project idea, creating a single entry point to the PIM system for all project proposals regardless of size, type of project or implementing body. It is also intended to alert project proposers to potential weaknesses in their projects. If weaknesses are adequately addressed in time, it will save them the trouble of trying to rectify problems later when the scope to change the outcomes of projects is greatly reduced; and the costs of doing so are dramatically increased.

2.2 Pre-screening creates a decision point that decides whether a project idea is to be rejected or allowed to continue to be developed towards financing. This will allow properly informed decisions to be made on whether projects should be considered for financing (in the case of small projects) or allowed to continue to the next stage of project preparation (in the case of larger projects). Checking the quality at this early stage increases the probability of successful project results (outputs, outcomes and impacts) and decreases the probability of poor project outcomes and wasted investments. It is intended to exclude from further consideration those proposals that:

- Are not needed
- Are lacking rationale or logic
- Are inconsistent with government or sector priorities such as ‘Vision 2063’
- Are unlikely to be viable
- Involve unacceptable risks
- Lack the required implementation capacity
- Have little chance of being affordable under foreseeable fiscal circumstances

2.3 The NPP is a single template that serves two related purposes depending on the scale and/or complexity of the proposed project:

a) For small projects the NPP will serve as the only document through which authorized public authorities can make a request for small scale capital funding for a project. If the proposal is assessed positively, it will be assigned a unique project reference number and will enter into a pipeline of assessed projects to be considered for financing, alongside other project proposals that have achieved the same status. In the event of a delay of 12 months or more between approval and financing, a further review of the project will be undertaken.

- b) **For larger projects** the NPP will still be the only document through which authorized public authorities can make a request for capital funding for a project. However, larger projects will be required to undergo a feasibility study. Therefore, in the event that the proposal is assessed positively, the project will also be assigned a unique project reference number and will be allowed to progress to the next stage of preparation which will include a feasibility study.

2.4 There are a number of reasons why ONLY quality assured projects should become eligible for capital expenditure:

1. A well prepared project is less likely to over-spend – thereby avoiding additional financing problems; or run over time – meaning that they are likely to contribute more quickly to the economic and social development of the nation;
2. Quality controlled projects are more likely to do the job and achieve the results that are wanted from the investment;
3. Pre-screening also prevents financial and human resources from being wasted on feasibility studies for projects that would never be implemented after years of waiting on a list of potential projects, and assists in reducing pressures on the budget or on development partners and implementing ministries by keeping the project pipeline at a manageable level;
4. Pre-screening provides an opportunity for the proposing authorities to test their project ideas on others. It is in the interests of the proposing authorities that their projects provide real solutions to real problems or deliver benefits when opportunities arise. Therefore it makes sense to check that proposals are planned well so that they can be implemented effectively. Doing this helps to avoid later problems that impact the users; and the authority that would also be responsible for fixing these problems.

2.5 The NPP template has been designed in order to make an initial quality assessment of all new public investment project proposals in Malawi, irrespective of financing source. This includes projects to be financed by the Budget, bi-lateral and multi-lateral partners or other external sources – for example in a Public Private Partnership (PPP). It also allows projects to be assessed on an equal basis given that the information presented and the assessment questions remain the same for all. The reasons for this are:

- It is important that the government has a comprehensive overview of all economic and social development activity so that it can be properly coordinated, planned and sequenced.
- Even though the capital costs of a project are often financed from external funding sources, the long term operational and maintenance costs are usually paid from the state budget. It is therefore important that these long term costs are taken into account in budget planning and decision-making before commitments are made on the project.

2.6 In the case of small projects ‘Approval’ of a project proposal and ‘Selection’ for financing should not be seen as the same thing. It should not be inferred that the passing of this pre-screening stage creates an obligation for the project to be financed. It is possible to successfully proceed through the pre-screening with a good project proposal without necessarily having the financing to allocate to it immediately. It may be a good project and pre-screened through the quality check in the NPP, but not a current priority compared to other projects also waiting for finance.

2.7 In the case of larger projects, the NPP should only be seen as a means of identifying potentially good projects. A successful pre-screening in this case allows projects to proceed to the next stage of planning, preparation and appraisal – a feasibility study (FS) - ensuring they are adequately presented with all relevant information. It can be seen therefore as a ‘stepping stone’. The NPP in larger projects represents the first stage of a quality management process that will also involve the checking of feasibility studies as they are prepared at a later stage

3. Instructions for Completing the Summary Appraisal Section of the Template

3.1 The template is in the form of an Excel Worksheet which is split by columns into two parts. The column headings are shown at Figure 2. The two parts are to be filled by two different entities. The left hand column (Blue Heading) should be completed by the public entity that is proposing the new project (Project Proposer). In the rows below are a number of questions; the Project Proposer responds to each question in the same cell as the question. The second column (Red Heading) is for the assessor to select the Assessment Grade for each response. The right hand column (Pink Heading) shows the Scoring Guidance for the assessor. It is also visible to the Project Proposer in the interests of transparency.

Figure 2: Column Headings for the NPP Template

	A	B	C	D
1	NEW PROJECT PROPOSAL (NPP) APPLICATION FORM			
2	Name of Entity Proposing the New Project			
3	Name of the Responsible Line Ministry			
4	Name and Location of the Project			
5	<p>If proposals are positively pre-screened, as a result of this assessment, then Small Projects will be permitted to go forward for possible financing (regardless of the source of the finance) provided there is sufficient financing available. Larger Projects will also be allowed to proceed towards eventual financing but only following a feasibility study or other studies in order to fully justify them. Unless proposals receive a 'Pass' in each question on this template, they cannot proceed further.</p> <p>For larger projects please list here the types of study (design, feasibility, environmental or other) that are needed, the total estimated costs of completing these studies and their completion dates.</p>			
6	This Column to be Completed by Project Proposer Questions below to be Answered in the same cell by the Proposing Entity		Assessment: This Column to be Completed by PSIP Only	Scoring Guidance
7				
8	1. Purpose and Justification for the New Project Proposal			
9	1.1 Why is this new project needed? <i>(Describe the problem to be resolved or opportunity to be exploited) And how big is this problem or opportunity? (Include some basic number estimates to support the justification)</i>		[Enter Assessment Grade]	Pass = The problem and its causes are explained fully (or opportunities are explained fully) with some evidence of scale. Not Clear = There is inadequate numerical information about the scale of the problem or opportunity. Fail = Does not describe the problem or opportunity or the problem / opportunity is described but is not significant

3.2 Be aware that assessments can only be made based on the evidence presented for assessment; and not supposition. The assessors are not authorized to make any exceptions where information is missing or has not been provided. Templates that have not been properly completed will either be returned for further work or they may be rejected. With this in mind, as well as carefully responding to each question, the proposing authority may submit additional evidence in support of the need for the project if it sees it as important.

3.3 Each section contains a number of questions to guide the assessment. Each question requires an answer by the line ministry in summary form using information available; and to the best of their ability. The information provided must give the assessor enough

information from the evidence presented, to judge if the question has been answered correctly, accurately and to the required standard. With that in mind, it is acceptable for the response to include supporting evidence, but references to this must be made clear. The assessor cannot second-guess the thoughts of the line ministry.

3.4 When it is not possible to answer a question due to not knowing the answer, the line ministry may want to reflect on why they do not know the answer. They may also wish to reflect on how the assessor can make a fair assessment of the situation without the relevant information. The proposing line ministry must always be in the position of understanding their own project before expecting others to understand it too. If assessors cannot understand the project, it could be that it has not been explained properly.

3.5 There are a number of ways in which proposing authorities can improve the chances of their projects receiving a successful pre-screening assessment:

- Read each question carefully and the words of guidance beneath it, which are written in order to assist the proposing entity;
- The scoring guidance shown in the right-hand column contains clues as to what the assessor needs in order to provide a positive grade; use that to guide the way in which the response to each question is given;
- The scoring guidance also provides clues as to how and why a proposal might be rejected; so read and avoid such scenarios;
- Conduct an initial internal quality review using the template prior to submitting it for formal assessment; and make any necessary adjustments.

3.6 Never leave a blank space. If a question appears not to be relevant to the project in question, state 'Not Applicable' and say in a few words why that is the case. Assessors will reasonably assume that blank spaces are a signal that the question was missed; the answer is not known; or that the answer is deliberately missing.

3.7 The quality of project proposals is always the ultimate responsibility of the proposing authorities. When a NPP is being prepared and prior to its submission for assessment, the proposing authority should take measures to ensure that the quality of the NPP is good enough to stand the best possible chance of success. It is in nobody's interest to submit a poor quality NPP because it wastes the time not only of the EPD&PSR but also of the proposing authority itself. The person responsible for filling the template should provide his or her contact details in Rows 36-37 whilst taking careful note of the statement in Row 34.

3.8 As an additional quality check, all projects proposals should be internally reviewed in the relevant line ministry prior to the submission of the NPP. This is not only to check for completion and overall quality but also to guard against simple mistakes or omissions that could result in them being returned or rejected and, consequently, wasting time.

3.9 An NPP can only be submitted by a line ministry, through the office Principal Secretary/Controlling Officer with responsibility for the public entity proposing the project. For example, in the case of an Agency, approval would be required from the head of the Agency but would be submitted by the office of the Controlling Officer of the responsible line ministry. Projects may be proposed by any public body with legal authority to do so, but without these approvals it will

be assumed that the proposal does not have the necessary support. This will also mean that the NPP cannot be validated and it will be returned without assessment.

4. Instructions for Assessors

- 4.1 **Assessors should first conduct an administrative compliance check on all received NPPs.** The purpose of this is to save time in the process. In the event that the NPP is not properly filled, it should be returned as soon as possible, un-assessed, to the proposing line ministry with an explanation of what is required before re-submission.
- 4.2 **When making an assessment of a question, only use the evidence presented, do not make guesses if information is missing or unclear.** In order to be fair and consistent in assessments, only the information provided can be used in the assessment of new project proposals. If the assessor thinks they know the answer to a question but it is not written clearly enough, this is grounds to select 'Not Clear' for the assessment grade for that question.
- 4.3 **The third column (with the Red Heading) provides the assessor with the available options for assessing each parameter.** The default setting is labeled [Enter Assessment Grade]. Clicking on the cell will highlight it and reveal a 'drop-down' arrow. Clicking on the arrow will reveal the available assessment choices which are simply: 'Pass'; 'Fail' or 'Not clear'. This is illustrated in Figure 3.

Figure 3: Drop-down Assessment Selection

Project Proposer All by the Proposing Entity	Assessment: This Column to be Completed by PSIP <u>Only</u>	Scoring Guidance
<i>r opportunity to be exploited) And how big is t the justification)</i>	[Enter Assessment Grade]	<p>Pass = The problem and its causes are explained fully (or opportunities are explained fully) with some evidence of scale.</p> <p>Not Clear = There is inadequate numerical information about the scale of the problem or opportunity.</p> <p>Fail = Does not describe the problem or opportunity or the problem / opportunity is described but is not significant</p>
<i>or an NGO? (Write 'Yes' or 'No' and then</i>	<div style="border: 1px solid black; padding: 2px;"> [Enter Assessment Grade] Pass Fail Unclear </div>	<p>Pass = it is clear that the public sector would be the best completer of this project proposal</p> <p>Not Clear = it is not clear whether the project could be best implemented by the public sector / private sector / NGO</p> <p>Fail = No serious attempt to address the question</p>

- 4.4 **The responses provided by the proposing entity should be assessed one by one.** Once all of the assessment grades have been selected, the assessor must make a final judgment of the overall performance of the project proposal against the assessment. Guidance for doing this is provided at the foot of the template in Rows 44 – 59.
- 4.5 **In order to be successful in the assessment, project proposals must score a 'Pass' in all**

questions. However there are only three valid reasons why a project can be rejected; these are: i) in the event that any questions remain not answered; ii) if the response to any question was assessed as 'Fail'; and iii) if 10 or more of the answers were assessed as 'Not Clear'. Where there are less than 10 answers assessed as 'Not Clear', the assessor will return the template to the proposing authority and seek clarifications to those questions that attained the 'Not Clear' score. Where a project has been rejected, the assessor must write a short statement in Cell A61 giving the reason(s) why.

- 4.6 Finally the assessor should write his/her name and contact details at the end of the document.** The assessment must then be presented to his/her supervisor or manager for checking and if necessary, any discussion and adjustment. After both parties have agreed on the overall assessment, the senior official (checker) will also write his/her name and administrative title after the words '*Checked by*'. The results of the assessment must then be shared with the proposing authority without delay.

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