ZIMBABWE

Zimbabwe Public Investment Management Guidelines

Ministry of Finance and Economic Development

December 2017

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ZIMBABWE PUBLIC INVESTMENT MANAGEMENT GUIDELINES

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

NOVEMBER 15, 2017

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FOREWORD

1. Investment in enabling infrastructure allows the country to realise its development objectives, with businesses relying on modern facilities to remain competitive, whilst society needs good infrastructure to provide equal opportunities and access to public services.

2. Yet, even where there is sufficient access to finance, poor governance of infrastructure remains one of the fundamental bottlenecks to achieving long term development objectives for the country.

3. Infrastructure projects are generally costly and complex, requiring much time to implement, hence the need for an institutional framework that ensures infrastructure delivery is sustainable, affordable and provide value for money.

4. Also critical is the need for scheduled maintenance to be inculcated as an integral component of infrastructure investment outlines in order to avoid current experiences where, once constructed, assets are frequently poorly maintained, thereby increasing costs and reducing performance and benefits to citizens.

5. There is, therefore, need to strengthen the institutional, technical, and regulatory capacities of the public sector in the way public investments are analysed, selected and included in the National Budget, as well as how they are implemented, monitored and evaluated.

6. Public investment decisions, which typically involve various levels of Government and serve multiple objectives, also require robust coordination mechanisms and should be undertaken on the premise of statistically-based assessments and evidence.

7. Furthermore, while stakeholders, including communities, have a role in the identification of projects in their localities, institutions mandated with the implementation of the projects must assume responsibility and ownership over the integrity of projects selection processes.

8. This is necessary to avoid committing public resources to wasteful "white elephant" projects prior to embarking on their implementation.

9. The primary objective of these Guidelines is to enhance the quality of public investment preparation, appraisal, and selection, as well as to provide line Ministries and

implementing Agencies with a framework that draws from experiences of best practices in project implementation.

10. The Guidelines outline the set of relevant technical approaches and tools for economic, financial and social appraisal of projects, and provide guidance on various stages of the project cycle, including monitoring and evaluation of the projects.

11. In developing these Guidelines, Treasury benefitted from inputs from stakeholders in both Government and the private sector.

12. The adoption of these Guidelines should enable implementing Agencies to efficiently and effectively execute public sector projects, consistent with our National development objectives.

W. L. Manungo

SECRETARY TO THE TREASURY

November 15, 2017

CHAPTER 1

Scope and Coverage

1. The purpose of these Guidelines is to enhance the efficiency and effectiveness of the country's Public Investment Management (PIM) by improving the related technical procedures and processes of implementing agencies during the project's life cycle.

2. In particular, the Guidelines are intended to achieve the following objectives:

    - Assist implementing agencies in designing viable projects to meet development needs;
    - Assess feasibility of the project and if appropriate prepare project design;
    - To provide sufficient information to ensure that well informed decisions are made on projects; and
    - To ensure that any significant project risks have been identified and mitigatory measures put in place.

3. The Guidelines are a useful tool for both traditional Government-financed and procured projects, as well as those implemented through Public Private Partnership arrangements.

4. Contracting Authorities, as project promoters, are expected to appraise and manage projects under their purview with

a view of ensuring that every dollar counts, and hence, conributes to the development goals of the country.

5. This involves ensuring that all key steps of the project are followed, comprising of strategic guidance and appraisal, project selection and budgeting, implementation, monitoring and evaluation, as well as audit.

6. These Guidelines will be accompanied by Manuals[1] detailing technical methodologies and assessment rules of the key processes.

7. The Guidelines and Manuals will be regularly updated to reflect emerging trends in Public Investment Management.

8. The appraisal and approval of all public-sector investment projects should follow these Guidelines, which define such projects as those financed through:

- The National Budget or centrally-managed resources;
- Public entities and grant-aided institutions when:

    a. requesting capital budgetary funding;
    b. imposing recurrent expenditures on the Budget; and
    c. seeking Government guarantees;

1 The Guidelines will be supported by Manuals which will be produced and updated regularly such as Project Appraisal Manual, Joint Venture Manual among others.

- Joint ventures; and
- Development partner projects when they are:
    a. co-financed from the Budget; and
    b. imposing recurrent costs on the Budget.

9. Contracting Authorities and other stakeholders should follow the procedures and processes described in these Guidelines as they now form the basis upon which the Public Sector Investment Programme's projects will be identified, selected, financed and managed.

10. Furthermore, the Guidelines describe the project cycle that shall apply to all Public Sector Investment Projects.

11. The Public Investment Management cycle will comprise of five distinct stages, described in greater detail in Chapter 3 and comprising of the following:
    - Project Concept Note;
    - Pre-Feasibility Study;
    - Feasibility Study;
    - Implementation, Monitoring, Reporting, and Accountability; and
    - Assets Registry, Management, and Evaluation.

CHAPTER 2

Institutional Framework

12. Efficient management of public investments requires coordination of a broad range of entities and stakeholders, ensuring that good investment choices are made for the benefit of all citizens.

13. Active management of the asset portfolio during its useful life is also critical including providing for recurrent costs to operate and maintain the asset.

14. Legislation guiding the actions of stakeholders in Public Investment Management is derived from the Constitution, the Public Finance Management Act, the Public Debt Management Act, the Joint Ventures Act and the Act regulating Public Procurement, among others.

15. Project appraisal and evaluation processes also demand substantial financial and human resources.

16. A balance between the cost of project appraisal and the value of the envisaged investment is required to maintain

efficiency and ensure value for money in public investment decision making.

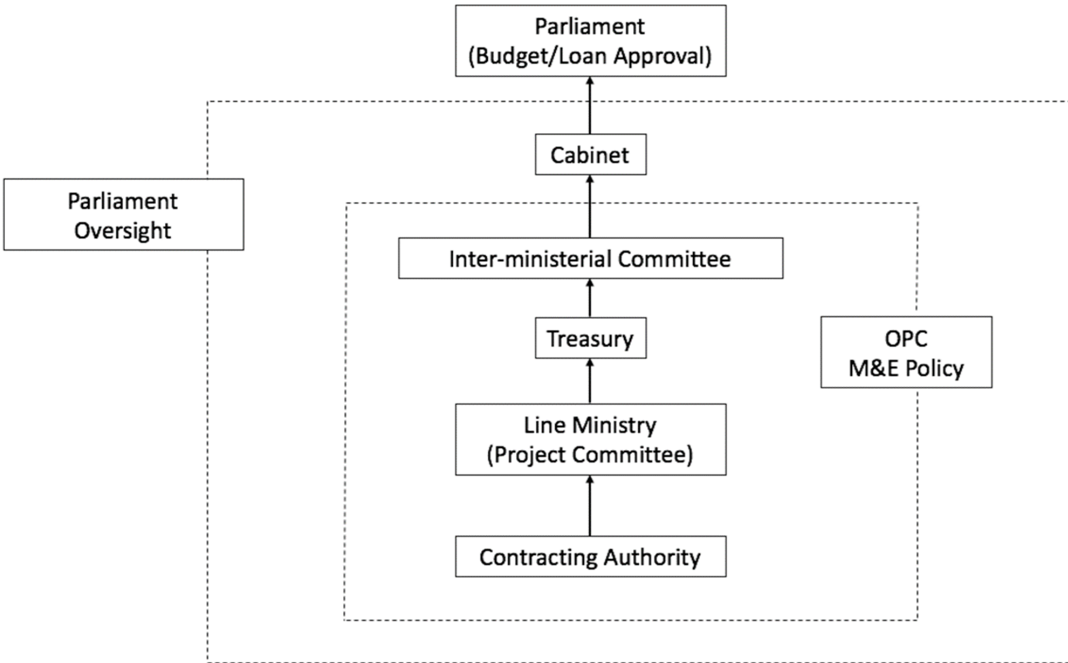
17. Whilst the Project Preparation Development Fund will provide support for project development activities for identified priority projects, some of these activities, critical for ensuring bankability of a project, will be borne by the public entity.

18. Key players in the execution of public infrastructure projects include the following:

- Contracting Authority
- Line Ministry
- Treasury
- Inter-Ministerial Committee
- Office of the President and Cabinet
- Cabinet
- Parliament

19. Figure 1 below summarises the approval process, including responsibilities of key stakeholders, in the management and operation of infrastructure projects in the country.

Figure 1: Infrastructure Project Approval Process



Source: Ministry of Finance and Economic Development

Roles and Responsibilities of Key Stakeholders

Contracting Authority

20. As the project initiator, the Contracting Authority identifies and prepares project documents containing basic project information and benefits with special attention being given to the economic, social and environmental impacts on communities, as well as its alignment with overall national priorities and sector strategies.

21. In particular, the Contracting Authority will:

- Prepare project documents at the concept, pre-feasibility and feasibility analysis stages, in order to determine the social and economic value of the project;
- Undertake first level screening of all project proposals;
- Submit the project documents to the relevant line Ministry for approval;
- Provide technical input throughout the approval process;
- Once the project is approved, undertake the procurement process, consistent with the applicable Act;
- Implement and monitor approved projects, based on the agreed standards and parameters; and
- Maintain the asset register.

Line Ministry

22. Provides policy guidance to Contracting Authorities including sector guidelines, and sector-specific appraisal methodologies in relation to investment plans.

23. Establishes a Projects Steering Committee to facilitate sound project screening, development and management. The Committee is charged with:

    - Maintaining oversight of all projects undertaken by the Ministry, implementing partners and contractors.
    - Providing clearance, appraisal and approval of all project concepts, and pre-feasibility and feasibility studies before submission to Treasury.

- Providing priority ranking and alignment of projects with national and sectoral strategies for consideration by Treasury.
- Overseeing internal project management staffing requirements.

24. Line Ministry Project Committees shall comprise of the following members:
    - The Accounting Officer (Chair);
    - Head of Finance Department;
    - Head of Planning Department;
    - Head of Technical and Programme Department;
    - Invited members from the Contracting Authority; and
    - Other experts invited by the Chair, as deemed necessary.

25. It is the responsibility of the Line Ministry to submit projects to the Treasury for consideration and approval.

26. The Line Ministry issues acceptance of project completion reports and oversee preparation and submission of evaluation and impact assessment reports.

Treasury

27. Performs the gatekeeping function, to ensure that:
    - The need for the project is well justified;
    - The project objectives are clearly specified;

- Alternative options to meet the project's objectives are identified and comparatively examined;
- The most promising option is subjected to detailed analysis;
- Project costs are fully and accurately estimated; and
- Projects benefits are qualitatively assessed to justify the costs.

28. Appraisal of project documents at each stage of the approval phase will be based on:
    - Compliance with the requirements stipulated in these Guidelines;
    - Consistency with strategic objectives;
    - Technical feasibility;
    - Socio-economic feasibility; and
    - Financial affordability.
29. Mobilises resources, allocates and disburses project funds towards project preparation activities and implementation.
30. Formulates and updates the Public Investment Management Guidelines and Manuals.
31. Coordinates and reviews the Public Investment Management process through the Public Sector Investment Programme and the Joint Venture Unit.
32. Provides technical support and capacity building for implementing agencies in the Public Investment Management process.

33. Develops and maintains the database of public investment projects.

34. Chairs the Inter-Ministerial Committee which considers projects submitted by line Ministries.

35. The Inter-Ministerial Committee shall be formed comprising of the following members:

- Secretary to the Treasury (Chair);
- Office of the President and Cabinet;
- Secretary responsible for Agriculture and Irrigation;
- Secretary responsible for Energy and Power Development;
- Secretary responsible for Information, Communication and Technology;
- Secretary responsible for Public Works;
- Secretary responsible for Transport;
- Secretary responsible for Water;
- Director, Public Sector Investment Programme; and
- Director, Joint Ventures Unit and invited members from:
- Secretary functionally responsible for the project;
- Head of the project promoting entity; and
- Other experts invited by the Chair, as deemed necessary.

36. The Department responsible for the Public Sector Investment Programme shall provide Secretariat services to the Inter-Ministerial Committee.

Office of the President and Cabinet

37. The Office of the President and Cabinet is mandated to provide strategic policy direction, coordination, monitoring and advisory oversight for the realisation of efficient public service delivery by Government Ministries and Departments.

38. The Office of the President and Cabinet ensures that all stakeholders, critical for the successful execution of the project, are effectively coordinated, including monitoring of major projects in the country.

39. Furthermore, the Office ensures approval of major projects through Cabinet, by facilitating the work of the Cabinet Technical Committees.

Parliament

40. Through its legislative function Parliament approves Budget allocations for investment projects, and ratifies loan agreements.

41. Parliament including its Portfolio Committees also scrutinises the policies and activities of the Executive and facilitates the participation by all members of society in the public investment decisions of the country.

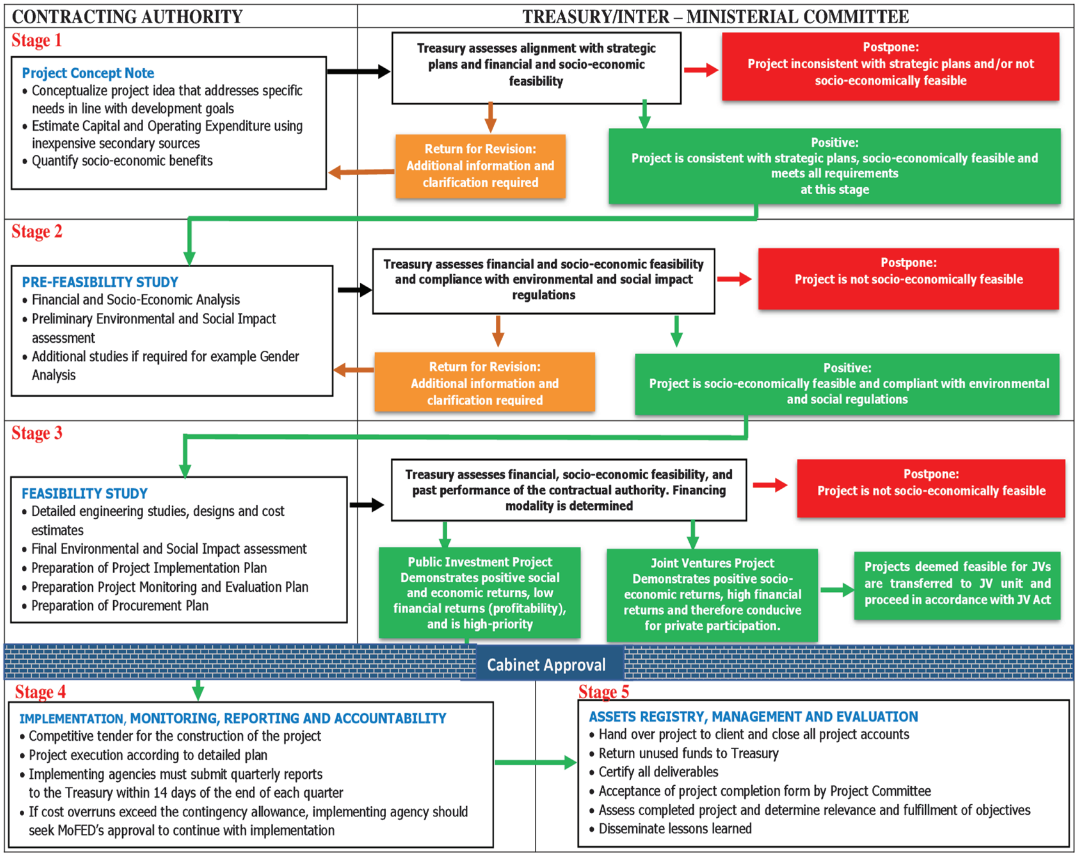
CHAPTER 3

Public Investment Management Cycle

42. Figure 2 below outlines the entire Public Investment Management cycle which governs public investment decision making, as well as Cabinet approval.

43. The Cycle is a five-stage process, meant to ensure that all projects meet the same set of rigorous standards.

Figure 2: The PIM Cycle



Source: Ministry of Finance and Economic Development

Stage 1: Project Concept Note

44. The objective of the Project Concept Note stage is to present the justification for the proposed project, consistent with the Government's strategic goals.

45. In identifying projects, Contracting Authorities identify potential projects using either a top-down or a bottom-up approach.

    - The **Top-down Approach** identifies projects in response to political imperatives including objectives highlighted in the National Budget, investment strategy, and sectoral programmes.
    - The **Bottom-up Approach** identifies projects in response to perceived community needs, District/Provincial Development Plans, and donor/investor collaboration.

46. Once a project has been identified, the relevant lead Ministry must assume the responsibility for the subsequent preparation and development of the project.

47. In order to transform the initial project idea into a structured format, project information should be presented utilising the Project Concept Form (see Chapter 4)[2].

48. Using this form, Contracting Authorities will then assess whether the project is:

2 Chapter 4 provides a step by step guide to how Contracting Authorities should complete the form and how Treasury will review the submission.

- consistent with development objectives;
- technically feasible;
- environmentally acceptable;
- socio-economically feasible; and
- financially affordable.

49. The “business case” for a project should be established to describe project benefits related to its financial, economic, and social impact, as well as efficiency gains.

50. For example, although while the rationale for the construction of a new school may appear self-evident, the Project Concept Note Form requires that both the direct and indirect benefits be quantified.

51. The Project Concept Note Form should also include an intended Construction Schedule and cost estimates.

52. The Construction Schedule should clearly state the construction start date, duration, and completion dates.

53. The basis of the project Construction Schedule and the cost estimates should be supported by references to technical feasibility as well as availability of funds.

54. Cost estimates should include project development capital requirements, post construction operating and maintenance project costs.

55. The Project Concept Note Form shall justify the project based on the estimated benefits and costs.

56. The Project Concept Note Forms for projects shall be submitted to the Treasury for approval through the relevant Line Ministry and should be signed by the Accounting Officer.

Decisions on Project Concept Notes

57. The decision regarding Project Concept Note Form filters out irrelevant, impractical or economically unfeasible projects, before costly detailed designs are undertaken, thereby saving precious time and resources.

58. At the Identification Stage of the project, the Project Concept Note Form may receive a:

- Positive decision;
- Postponed decision; or
- The decision to return for revision.

59. A **Positive Decision** means that based on preliminary investigations, project is consistent with strategic development objectives, and is technically and socio-economically feasible.

60. A positive decision allows the project to proceed to the Pre-Feasibility Study Stage, with further design work and other

project development activities being undertaken within agreed cost and time parameters.

61. A **Postponed Decision** implies that based on preliminary investigations, the project is not consistent with strategic development objectives or/and is not technically and socio-economically feasible.

62. Therefore, it should not be a part of the investment plan to be considered for financing from the available financing options.

63. Specific requests for clarification will accompany a **Decision to Return** the Project Concept Note Form for revision.

64. Project Concept Note Forms that do not comply with the requirements stipulated in these Guidelines, for example because of missing or inaccurate information, will be returned to the Contracting Authorities for further review.

65. Treasury will assess Project Concepts based on the criteria stipulated in these Guidelines.

66. The assessment of socio-economic feasibility is based on the following considerations:

- project capital costs;
- projected maintenance expenses;

- expected project benefits; and
- comparative importance, based on social, strategic, environmental and/or other factors.

Stage 2: Pre-Feasibility Study

67. Contracting Authorities are responsible for deciding which projects among the approved Project Concept Notes should proceed to the Pre-Feasibility Stage of the Project Cycle.

68. In this regard, Contracting Authorities are responsible for undertaking Pre-Feasibility studies and may outsource this task if deemed appropriate.

69. Contracting Authorities shall submit Pre-Feasibility studies using the format presented in the Pre-Feasibility Study Form in Chapter 5.

70. The supplementary and reference documentation must be attached to the Pre-Feasibility Study Form.

71. A Pre-Feasibility Study builds on the information obtained at the Project Concept Note Stage by examining costs and benefits in greater detail.

72. It further refines the cost estimates by preparing initial engineering drawings.

73. It assesses key risks and assumptions on the project through undertaking detailed investigations of the project

development and refines the cost estimates by preparing initial engineering drawings.

74. Whenever possible, data derived from secondary sources at the Project Concept Note Stage should be substituted with more accurate estimates.

75. Contracting Authorities are responsible for conducting financial and socio-economic analysis of their projects, which can be performed using either the Cost-Benefit or Cost-Effectiveness Methods of Analysis.

76. The selection of the appropriate methodology shall be guided by the Project Appraisal Manuals, as well as by internal guidelines of Contracting Authorities where applicable.

77. The Pre-Feasibility Study Form shall also specify the date that the pre-feasibility analysis was completed.

78. This analysis would then remain valid for a maximum of three years from this date. After this period, the project should be reappraised.

79. A project may also need to be reappraised if there are significant changes in the project environment.

80. The Pre-Feasibility Study should include a project implementation plan and management structure, as well as a draft procurement plan.

81. Additional impact assessment studies should be included as Annexures to the Pre-Feasibility Study Form.

82. These assessments should include:

- A preliminary Environmental and Social Impact Assessment (ESIA); and
- Any other studies required by existing Laws and Regulations.

83. The Pre-Feasibility Study should also specify the cost of conducting the Feasibility Study.

84. The Project Pre-Feasibility Study Forms for projects shall be submitted to the Treasury for approval through the relevant Line Ministry and should be signed by the Accounting Officer.

Decisions on Pre-Feasibility Studies

85. The responsible Department within the Treasury assesses the Project Pre-feasibility study report.

86. Forms that do not comply with the requirements stipulated in the Guidelines, for example, because of inaccurate or missing information, are returned to Contracting Authorities for further review.

87. The assessment of financial and socio-economic feasibility is undertaken using cost-benefit or cost-effectiveness analyses, and is based on the following indicators:

(a) financial and socio-economic returns [financial net present value (FNPV), financial internal rate of return (FIRR), economic net present value (ENPV), and economic internal rate of return (EIRR)]; and

(b) fiscal implications of the project.

88. The Project Pre-Feasibility Study Form may receive a:

- Positive decision;
- Postponed decision; or
- Decision to return for revision.

89. A **Positive Decision** implies that the project is socio-economically feasible and may proceed to the feasibility study stage of the project cycle.

90. The positive decision does not indicate that the project will be funded. It only implies that the Feasibility Study shall be conducted within the agreed cost and time parameters.

91. A **Postponed Decision** implies that the project is not socio-economically feasible at the current point in time, and should not proceed to the Feasibility Study stage.

92. A **Decision to Return for Revision** should include specific requests for clarification to better determine the project's Feasibility.

Stage 3: Feasibility Study

93. Contracting Authorities are responsible for deciding which projects within the approved Pre-Feasibility Study should proceed to the Feasibility stage of the project cycle.

94. In this regard, Contracting Authorities are responsible for undertaking Feasibility Studies and may outsource this task if deemed appropriate.

95. Feasibility Studies consist of three components:

- Preparation of final project design, engineering drawings, and cost estimates;
- Calculation of project benefits and estimation of financial and socio-economic returns; and
- Final Environmental and Social Impact Assessments.

96. In addition, the Feasibility Study should also include:

- A Project Implementation Plan, including the project management structure, a Procurement plan, and an M&E plan; and
- Options for the public investment modality (Public Investment Programme [PIP], Joint Ventures [JVs], and others).

97. Contracting authorities shall submit feasibility studies using the format presented in the Feasibility Study Form (see Chapter 6).

98. In developing the Project Implementation Plan, the following should be considered:

- Final Project Schedule;
- Resources required for successful project execution, including human, financial, physical, and other resources;
- Potential sources of primary physical inputs, including at least one alternative source, wherever possible;
- Minimum quality requirements for the primary inputs;
- Intermediate milestones; and
- Project management structure, which should delineate the roles and responsibilities of the key project stakeholders and their relationships.

99. The Monitoring and Evaluation Plan should be prepared in accordance with the M&E policy.

100. The M&E Plan should clearly define verifiable key performance indicators (KPI), as well as how the results will be delivered to key stakeholders.

101. Treasury in collaboration with Contracting Authority may conduct a mid-term and final evaluations, and the specific timing of these activities should be included in the Plan.

102. The Feasibility Study Form should also specify the date it was completed. This analysis would remain valid for a maximum of five years after the completion date. After this period, the project should be reappraised.

103. A project may also need to be reappraised if there are significant changes in input costs.

104. In cases where certain components of the Feasibility Study, such as the Environmental Social Impact Assessment (ESIA) are valid for less than the five-year validity of the Feasibility Study, then those components can be separately updated.

105. The Project Feasibility Study Form and the Feasibility Study Report, including any supplementary and supporting documentation for projects shall be submitted to the Treasury for approval through the relevant Line Ministry, should be signed by the Accounting Officer.

Decisions on Feasibility Studies

106. The responsible Department within the Treasury assesses the Feasibility Study based on:

- compliance with the requirements stipulated in the Guidelines;
- consistency with strategic objectives;
- technical feasibility;
- financial and socio-economic feasibility;
- financial affordability;
- public investment delivery mode modality i.e Budget, Joint Venture or other;
- compliance with environmental and other regulations; and
- assessment of Implementation and M&E Plans.

107. Feasibility Studies that are not compliant with the requirements stipulated in the Guidelines are referred to Contracting Authorities for revision.

108. The Project Feasibility Study may receive a

- Positive decision
- Postponed decision, or
- Decision to defer.

109. A **Positive Decision** on the Project Feasibility Study implies that the project is feasible and should be considered for financing.

110. A **Postponed Decision** on the Project Feasibility Form implies that the project is not accepted at this point, and should not be considered for financing.

111. However, Contracting Authorities are strongly advised to archive project documents because changing circumstances may mean that a postponed project may become feasible in the future.

112. The **Decision to Defer** proceeding with the Project Feasibility Form implies that the project is feasible, but cannot be considered for financing due to resource constraints.

113. Such projects should be reconsidered for financing in future years, subject to resource availability. Projects must be reappraised if they are not financed within five years.

Project Selection and Capital Budgeting

114. The Budget is one of the key financing instruments for deliverance of infrastructure projects. It is, therefore, critical that Contracting Authorities be familiar with the Budget process as they prepare the project.

115. The size of the Capital Budget is based on the macro-economic framework for the Budget year and two subsequent years.

116. The Macro-Economic Framework, will guide the Treasury in determining the global level of expenditure that can be utilised including the parameters for expected revenues and deficit levels that can be safely financed.

117. In the formulation of the Capital Budget, the Treasury issues a Budget Call Circular indicating the aggregate spending ceiling for the Recurrent and Capital Budget for each line Ministry.

118. The Budget Call Circular also provides instructions regarding the preparation of Budget submissions containing information about the economic assumptions to be adopted, wage levels, the exchange rate, price levels and any other information relevant to the prevailing environment.

119. Line Ministries shall submit Budget proposals to the Treasury conforming to the Budget Call Circular that the Treasury will issue to guide submissions.

120. The Budget proposal should include Estimates of Expenditures from both explicit and implicit contingent liabilities associated with the projects.

121. Only projects that received Positive Decision on Feasibility Studies from Treasury or Inter-Ministerial Committee are allowed for selection and inclusion in the submission for Capital Budgeting.

122. Given that most Public Investment Projects are multi-year in nature, line Ministries should extend expenditure planning beyond one year to consider the future spending implications of present capital budgeting decisions.

123. Recurrent costs of capital spending need to be reintegrated with recurrent expenditures, and integrated into a multi-year expenditure plan that provides the basis for establishing a realistic global budget.

124. With regards to Programme Based Budgeting, all approved projects shall be categorised according to the relevant programmes or sub-programmes.

125. The Project Purpose shall be linked to the overall strategic objective of the selected programme.

126. Once the Budget has been finalised, expenditure proposals are submitted to the Cabinet and Parliament in line with existing laws.

Project Calendar

127. In order to have a predictable, standardised and credible Public Investment Management process that will effectively guide line Ministries in the project development cycle, a Project Calendar has been included in these Guidelines.

128. The Project Calendar indicates timeframes within which certain activities will be undertaken, while cognisant of the National Budget process.

129. The Public Investment Management Calendar as shown in Figure 3 below specifies the periods in which project documents must be provided to stakeholders, including timeframes for decision making by the Treasury.

Figure 3: Public Investment Management and the Budgeting Calendar

		March – April	May - June	July	August - September	October	December	January – February
Treasury	Budget Process	Budget Consultations	Preparation of Macroeconomic Fiscal and Expenditure Framework for next 3 years	Issues Budget Call Circular		Draft Budget Estimates are prepared	Budget Approval	
	PIM Cycle Stage		Decision on Pre-Feasibility Studies		Decision on Feasibility Studies			Decision on Project Concept Notes

		March – April	May - June	July	August - September	October	December	January – February
LMs	Budget Process	Development or updating (on rolling basis) of strategic plans, expenditures, and revenues for next three years	Revised strategic priorities and expenditures	Prepare Budget submissions			Preparation of Budget Implemen-tation Plans	
LMs	PIM Cycle Stage	Submission of Pre-Feasibility Studies		Submission of Feasibility Studies		Submission of Project Concept Notes		

Source: Ministry of Finance and Economic Development

Stage 4: Implementation, Monitoring, Reporting and Accountability

Implementation

130. Project implementation can only be initiated once the project budget has been approved by Parliament, and funding has been secured.

131. All procurement processes are carried out in accordance with the Act that guides public procurement.

132. Draft contracts must be submitted by Contracting Authorities to the Treasury and the Attorney General for review before they are signed.

133. Any adjustments to contract terms and conditions must be reviewed and approved by both the Treasury and the Attorney General.

134. During implementation, Contracting Authorities are responsible for:

- Staff and other resource mobilisation;
- Monitoring and work control;
- Management of risks and operational issues;
- Communication with stakeholders and groups affected by the project;
- Project adjustment based on necessary changes;
- Ensuring deliverables are fit for the intended purpose; and
- Achievement of project benefits.

Project Cost Variations

135. Any request for deviations and changes from the technical specifications listed in the Feasibility Study should include the reasons, as well as the cost and time implications.

136. These deviations must be approved by the Contracting Authority and clearly noted in the contract.

137. The contract must also explicitly specify the financial penalties to be incurred by contractors and sub-contractors embarking on non-approved deviations.

138. If the total project cost as specified in the Feasibility Report increases by more than 10 percent during the tendering

process, the project will require approval by the Treasury before contract signing.

139. In the event that cost overruns during implementation exceed contingency allowance specified in the contract documents, the Contracting Authority should seek approvals from Treasury and the Entity regulating public procurement.

140. In approving the cost overruns, Treasury will determine whether the expected benefits still outweigh the cumulative project costs.

Programme of Works

141. The contractor must submit a comprehensive Programme of Works before project commencement, including the components that will be sub-contracted.

142. The Programme of Works should contain clear references to contract start and finish dates.

143. This programme must be approved and signed by the Contracting Authority from the outset.

144. Government will only pay for goods delivered or services rendered, a point that must be made explicit in the contract document; advance payments will not be considered.

Contract Performance Measures

145. Drawing from the strategic development plans, Government will develop explicit, systematic measures of outcomes and outputs that can be used to determine how well Contracting Authorities are meeting their stated objectives.

146. Contracting Authorities will be held accountable for project outcomes.

147. Contracting Authorities shall also be required to assess progress against objectives, outcomes, and outputs identified, and their adherence to Strategic Plans.

148. Quarterly project implementation progress reports should be prepared to provide information regarding actual project expenditures against the budget.

149. Actual achievement of performance against the targets stated in the strategic planning documents should also be prepared.

Monitoring, Reporting, and Accountability

150. Monitoring is central to project management. It is, therefore, important that Monitoring Plans with realistic indicators be developed at the project planning stage.

151. Well-designed indicators provide sufficient information about project performance and generate appropriate data to reveal how well a project evolves over time.

152. During project site meetings, project progress must be reported, and any changes to the Programme must be documented with accompanying explanatory notes.

153. The Contracting Authority must submit a Quarterly Performance Progress Report to the line Ministry at the end of every quarter.

154. The Progress Report will enable the line Ministry to provide the Treasury with quarterly updates about expenditures, including a revised cash-flow forecast.

155. In addition, the report will highlight progress against project indicators within 30 days of the end of each quarter.

156. In monitoring a project, Contracting Authorities should focus on the higher-level objectives of the project, such as whether the benefits are being realised and whether there has been any actual improvement in service delivery.

157. A comprehensive comparison of actual against planned targets facilitates decisions about whether and what

corrective actions may be needed to ensure that the project objectives are achieved.

Stage 5: Assets Registry, Management and Evaluation

158. Once a project has been completed, a Project Completion Form must be submitted to the Treasury within 30 days of the project completion date.

159. The Project Completion Form provides an accurate project summary and an assessment of whether the objectives were in fact achieved. See Chapter 7 for a sample Project Completion Form.

160. Submission of the Project Completion Form signifies to the Treasury that the project is complete and that no further activities or expenditures can be authorised.

Asset Registry

161. Completed projects should be registered on the balance sheet of the responsible Contracting Authority or with the authorities mandated with custodianship of Government property.

162. Contracting Authorities should maintain an inventory of their infrastructure assets or according to existing statutes on public asset management.

163. Contracting Authorities should maintain information and data about project operations to inform future decision making.

164. Such data shall also be shared with the Treasury and other stakeholders within the public investment management process, as may be needed.

Maintenance

165. Contracting Authorities shall ensure that the capacity of the infrastructure remains in a good state and continues to provide optimal service.

166. It is critical that Contracting Authorities adequately prioritise the funding for maintenance, repairs, and replacement of assets in their portfolio, as well as adherence to the required timeframe for taking such actions.

167. Contracting Authorities, should plan the timing, and costs of maintenance interventions, as well as the consequences of delaying required maintenance interventions.

Ex-Post Evaluation

168. Selected projects should be evaluated to provide a learning opportunity for developing future projects.

169. Ex-post evaluation shall be conducted three years after the project has been completed.

170. In evaluating projects, consideration should be given to the following five broad evaluation criteria:

- **Relevance**: This concerns the extent to which project objectives were consistent with Government objectives, National priorities, and/or development partner policies.
- **Efficiency:** This concerns the extent to which inputs, i.e. funds, expertise, time, etc, were economically converted into outputs.
- **Effectiveness:** This concerns the extent to which project outputs are combined to achieve project objectives. Could stronger effects have been realised through different outputs.
- **Impact:** This concerns the extent to which impact was positive or negative. What are the primary and secondary long-term project effects, direct or indirect, intended or unintended?
- **Sustainability:** This involves an evaluation of the financial, organisational and institutional potential to generate benefits beyond the project completion date.

171. Although this exercise is mandatory for every project undertaken by a Contracting Authority, Treasury will periodically carry out ex-post evaluation on selected projects so as to determine ways of improving project funding modalities.

CHAPTER 4

Completion of Project Concept Note Form

172. The objective of the Project Concept Note Form is to allow for a formal presentation regarding the justification of the proposed project, which should be consistent with the Government's strategic goals.

173. This Chapter provides guidance on how to complete the Project Concept Note Form as shown in Table 1 below.

Table 1: Project Concept Note Form

Item	Project Information Required
Project Identification (ID)	Insert the project identification number. The identification number should be unique and should include up to 5 alphabetic letters to identify the Contracting Authority, followed by a numerical sequence.
Line Ministry	Insert the Line Ministry functionally responsible for the project.
Contracting Authority	Insert Contracting Authority responsible for the project.
Project Title	Provide a short and succinct project title, capturing the essence of the project.
Location	Provide the project location including the Province and District.
Project Objective	Provide clear sentence to describe the direct benefit of implementing the project. Think of the fundamental reason the project is being proposed — examining immediate change or overall result. **Do not** provide project details here that can be described elsewhere on the Form.
Status before Project	**Briefly** describe the current situation (that is, without the project), using concrete and factual data.
Status after Project	**Briefly**, describe how the current situation will be affected if the project is implemented. Use specific and accurate data.
Justification	Justify the reason for undertaking the project in less than 250 words. Justification is done by comparing anticipated results and expected costs.

Item	Project Information Required
Alignment with National Development Strategies	Results-based management requires Ministries to agree on policy objectives and key result areas, which are then included in the Budget. How is the project aligned with Government policy objectives? Which Government strategic objectives does the project address, and how does it do so?
Alignment with Sector Strategies	Provide a detailed description of how the project links to and supports key sector policy objectives and key Ministry Strategic policy objectives.
Alignment with Provincial and District Development Plan Objectives supported by the Project	Will the project have an impact at the provincial and district levels? If so, what consultations have taken place with provincial and district stakeholders?
Other Strategic Considerations	Does the project fit with national security considerations? Could it prevent or mitigate a national disaster (for example, a drought or an epidemic)?
Total Capital Costs	Include preliminary estimates of the project's total capital costs.
Operations and Maintenance Cost	Include anticipated annual operations/maintenance expenditures.
Sources of Project Funds	Indicate the internal project promoter funds, Government budget funds, private sector funds and borrowing.
Funds required to conduct Pre-Feasibility Analysis	Indicate the funding required to complete the Pre-Feasibility analysis of the project.
Outcomes (expected)	List all **expected outcomes** resulting from the project. Outcomes should be a direct result of the project outputs.
Outputs (expected)	List all **expected outputs** to be directly delivered by the project (that is, the direct result of project activities. See below). Outputs should be within or just within the Government agency's control. List all **anticipated results** (that is, those that will remain once the project has ended).
Main Activities	List the main project activities associated with the delivery of outputs. Activities should be listed **in a logical order** and **numerically linked** to outputs to facilitate an assessment of whether the proposed activities can realistically produce the expected outputs.
Implementation Plan:	Provide a technically optimum implementation plan. The construction schedule should also specify funds required for each phase and propose sources of funding.

Item	Project Information Required
Financial Effectiveness	Indicate if the project is expected to result in financial revenues.
Socio-economic Effectiveness	Provide an initial demand forecast. A clear linkage should be made to the project justification as well as to the output and outcomes sections.
Preliminary Environmental and Social Impact Assessment	Not Applicable
Other Studies	Not Applicable
Sources of Information	List primary sources of information used to derive alignment with strategic policies, preliminary project costs, demand projections and other information used in the preparation of Project Concept Note Form. Provide references to support key assumptions.

Source: Ministry of Finance and Economic Development

Project Registration and Administrative Information

174. The project identification (ID) should clearly communicate the Line Ministry functionally responsible for the project, the department within the Line Ministry that the project falls under, and the year of the project initiation as shown in Box 1 below.

175. The Contracting Authority responsible for the project should be indicated on the Project Concept Note Form.

176. The project location should clearly identify the geographic location of the project specifying the province and the district.

Box 1: Project Identification

The project ID format should be as follows: Line Ministry/Department/Sequence Number/Year (YYYY)

Location:	
Line Ministry:	Line Ministry functionally responsible for the project.
Department:	Specific Department within the responsible Line Ministry
####:	Sequence number
YYYY:	Year of project initiation
Example:	MOFED/PSIP/002/2017

Source: Ministry of Finance and Economic Development

Project Objective

177. The project objective is the reason why the Contracting Authority is initiating the project. It is what a Project Mission is built on and what underlies project viability.

178. An example of a project objective may be "To increase the agricultural output through the provision of irrigation infrastructure to 10 000 hectares (ha) of agricultural land" or "To provide a reliable supply of clean water and sanitation facilities to 5 000 households".

Status before the Project

179. Using specific factual data, briefly describe the current situation be it a problem or an opportunity.

180. An example of the status before the project may be "The existing water supply infrastructure is obsolete resulting in unreliable and rationed (4 hours per day) water supply to 3 000 households.

181. Technical losses, due to water leakages amount to 40 per cent, significantly above higher than acceptable levels. These conditions impose significant coping costs on households."

Status after the Project

182. Show how the problems or opportunities identified in the "Status before the Project" will change should the project be implemented.

183. An example may be "Rehabilitation of the water supply infrastructure will reduce the technical losses to the sector to a more acceptable level of 7 percent. The affected population of 3 000 households will obtain access to reliable, full-time water supply."

Justification

184. Justifying a project involves providing the stakeholders with a comprehensive analysis of the situation to be changed by the project.

185. The project is justified when the analysis provides an interpretation and evaluation of all results to be delivered.

186. Credible justification is one in which the identified benefits of doing the project are greater than the costs.

187. Highlight what will happen if the project is carried out and what will happen if not implemented.

188. An example of the justification may be “Rehabilitation of water supply infrastructure will eliminate the cost of coping with water shortages for the targeted population of 3 000 households.

189. The anticipated economic value of these costs savings is expected to be higher than the project cost.

190. In addition, provision of clean water supply is expected to reduce the prevalence of water borne diseases.”

Strategic Alignment Assessment

191. The ultimate objective of the strategic alignment assessment is to determine if a project is consistent with the National Development Strategy and the long-run development vision of the country.

192. Whenever possible, the quantitative contributions of the project to the achievement of the long-run targets should be clearly demonstrated through use of KPIs.

Alignment with National Development Strategies

193. This section should clearly identify how the project is to contribute to components of the National Development Strategy.

194. An example may be: "An irrigation infrastructure construction project is directly aligned with and contributes to the achievement of Food Security and Nutrition cluster objectives of the National Development Strategy.

195. Average maize yield in the area is expected to reach a targeted level of 12 metric tonnes per hectare from the current average yield of 5 metric tonnes per hectare.

196. Therefore, the project, is expected to reduce imports of maize and contribute to the food security and nutrition objectives."

Alignment with Sector Strategies

197. Provide a detailed description of how the project links to and supports key sector policy objectives. What sectoral development objectives does the project address, and how does it do so?

198. Provide a detailed description of how the project links to and supports key Ministry strategic policy objectives (see Ministerial preambles in the Estimates of Expenditure Book).

199. An example may be: “The irrigation infrastructure construction project will provide access to irrigation infrastructure facilities to a total area of 10 000 hectares, thereby contributing 10 percent of the targeted 100 000 hectares of new irrigation facilities to be constructed by the year 2020”.

200. Contracting Authorities should cite the strategic document.

Alignment with Provincial and District Development Plans

201. Highlight the impacts, if any, that the project is expected to have at the provincial and/or district level.

202. Note any consultations that have taken place with the provincial and/or district stakeholders.

203. An example may be an irrigation infrastructure construction project is expected to provide an additional income of US$300 per year to the targeted farmers, thereby, lifting about 3 000 farmers, from extreme poverty.

204. Therefore, the project, directly contributes to the district development target of achieving less than 3 percent of the households living below the poverty line by the year 2020.

205. Contracting Authorities should also cite the strategic document.

Other Strategic Considerations

206. If the project corresponds to any other strategic considerations, for instance, national security considerations, then explain how the project would contribute. For example, could the project prevent or mitigate a national disaster or a drought, or an epidemic)?

207. An example may be: "The irrigation infrastructure construction project (specifically, the dam construction component) includes flood control component. The damage from the flood in the area may amount to US$5 million if the project is not undertaken".

208. Contracting Authorities should cite the strategic document.

Project Costs

209. The Project Concept Note Form should include a proposed construction schedule and cost estimates.

210. The basis of the project Construction Schedule and accompanying cost estimates should be justified based on technical feasibility and the availability of funds.

211. Cost estimates should include capital, operating and maintenance costs.

Capital Costs

212. At the Project Concept Stage, cost estimates are preliminary and based on similar projects that were constructed in the recent past. The proxy project costs can be obtained from:

- Estimated construction unit costs for typical projects should be considered.
- An example may be: "The construction unit cost of a typical school block for a capacity of 60 students is US$ 25 000."
- If a similar project is constructed in the distant past, an attempt should be made to adjust the project cost to reflect real and inflationary changes in the prices over time.
- For example, "A similar rehabilitation of water network in the city was last performed in the year 2000 at a cost of US$35 million. Since 2000 the average price level increased by 25 percent due to inflation (Consumer Price Index (CPI) = 125). Therefore, the expected cost of the project is US$43.75 million."

Recurrent Expenditure

213. Recurrent expenditures are typically composed of operating and maintenance expenditures.

214. Recurrent expenditures associated with a public investment project are those operations expenditures required to run the project at a level that is consistent with its expected use.

215. Maintenance expenditures are required to maintain the capacity of the investment during its expected useful life.

216. It is important to distinguish between operating expenditures as they normally occur on annual basis and periodic maintenance expenses that occur at specific time intervals for example every 3-5 years.

217. For example, operating expenditures in the case of a new school would include teachers' salaries, utilities, supplies and electricity as well other costs required for the school to be fully functional on an annual basis.

218. As an example, considering an evaluation period of 10-20 years for most infrastructure investment projects, there is need to state that every five years, an additional cost of US$10 000 would be required to renovate the classrooms, replace equipment among others.

Sources of Funds

219. Project finance may come from a variety of sources. The main sources include the budget, equity, debt and development partners.

220. Financing from these alternative sources has important implications on project's overall cost, cash flow, ultimate liability and claims to project incomes and assets.

221. This section should provide an aggregate cost by the source of funds in line with the project implementation plan.

222. The sources of funds should also be provided for operating and maintenance expenditures.

223. An example of the sources of funds for a water supply and sanitation project may consist of the following:

- Capital Expenditure;

    i. Water Utility Equity: US$3 million or 30 percent of the total investment cost;

    ii. Loan: US$3 million or 30 percent of the total investment cost; and

- National Budget; US$4 million or 40 percent of the total investment cost.
- Annual operating expenses are funded from the project revenues;
- Periodic maintenance expenses (every three years) are funded by Utility; and
- Major rehabilitation expenses (after 10 years) are funded by the National budget.

Funds Required to Conduct the Pre-Feasibility Analysis

224. Indicate the funding required to complete the Pre-Feasibility analysis of the project.

225. The amount should be based on the best available reasonable cost estimate of Pre-Feasibility Studies conducted on similar projects.

Outcomes

226. Project outcomes should be presented in this section. Outcomes normally refer to the changes in the wellbeing of the society due to the project outputs.

227. An example of a road construction project outcomes would be a reduction in travelling time and vehicle operating costs.

Outputs

228. Outputs are those results achieved immediately after implementing an activity.

229. In this section list all anticipated outputs (that is, those that will remain once the project has ended).

230. Outputs should be sufficient to achieve project outcomes and may include categories such as roads, schools, or hospitals.

Activities

231. List the main project activities associated with the delivery of outputs. Activities should be listed in a logical order and numerically linked to outputs.

232. This will facilitate an assessment of whether the proposed activities can realistically produce expected outputs and outcomes.

233. For example, in the case of a bridge construction project, the main activities may be:

- Preparation of design documents;
- Bridge construction;
- Construction of road approaches; and
- Bridge and road approaches commissioning

Financial Effectiveness

234. Indicate if the project is expected to generate financial revenues, for example, a water supply project will increase financial revenues to the water Utility.

235. This could also include an indicative potential for proper allocation of risks between Public and Private partners involved in Joint Venture projects.

Socio-economic Effectiveness

236. Provide initial demand forecast. A demand forecast should be based on the observed needs of the affected population,

Gross Domestic Product (GDP), population growth rates, and other macro-economic factors.

237. This could be guided by service level standards in specific sectors.

238. A clear linkage should be made to the project justification as well as to the outputs and outcome sections.

Implementation Plan

239. Provide a technically optimal Project Implementation Plan. The construction schedule should also specify funds required for each phase and propose sources of funding is from the National Budget, Provincial Budget and or Development Partners.

Sources of Information

240. List the primary sources of information used to derive preliminary project costs and benefits.

241. Provide references to support key assumptions.

Guide to Assessment of Project Concept Note

242. The objective of assessing the Project Concept Note is to filter out projects that are not consistent with the Government strategies and development objectives as stipulated in National Development Plans or economically unfeasible projects before valuable resources are spent on a Pre-Feasibility Analysis of projects.

Compliance with Requirements and the Submission Process

243. The Project Concept Note Form should comply with the requirements set out in the Public Investment Management Guidelines.

244. In case of missing information, or submission of a Project Concept Note Form that is not consistent with Public Investment Management Cycle and its Budgeting Calendar, the Project Concept Note shall be returned to the Line Ministries with a requests to fulfil the requirements.

Consistency with Strategic Objectives

245. Assessment of the alignment of the project with the Government strategic objectives should be performed based on the Project Concept Note Report and supplementary documents.

246. These should compare project outputs, and outcomes with the Government strategic objectives set out in the National Development Plans.

247. A project that is aligned with Government objectives should clearly demonstrate the link between its output and the respective Line Ministry strategic objectives which can be found in the Ministerial preambles in the Estimates of Expenditure Book.

Technical Feasibility Assessment

248. A high level assessment of the project's technical feasibility should be based on the alternative options of achieving the intended outcomes considering the cost-effectiveness and technical methods of the proposed technical solution.

Socio-economic Feasibility Assessment

249. The Socio-economic Feasibility Assessment will be based on a comparison of expected project costs, both capital and recurrent, with estimations of demand for the project outputs.

250. Social and emergency factors (for example drought relief) are considered in this assessment.

Financial Affordability Assessment

251. An affordability assessment requires a careful analysis of the expected capital, operating and maintenance costs of the project.

252. A financial affordability assessment should be conducted based on three indicators:

- Justifications provided for the size and cost of the project;
- Budgetary load resulting from capital and recurrent costs of the projects;
- Ability of obtaining project funding from external sources (that is government borrowing); and
- Explicit and implicit contingent liabilities resulting from the project.

CHAPTER 5

Completion of the Pre-Feasibility Study Form

253. The Pre-Feasibility Study Form (PFS) contains critical information that should be presented at the Pre-Feasibility Stage to assist in decision making.

254. This chapter provides guidance on how to complete the Project Pre-Feasibility Study Form.

Table 2: Pre-Feasibility Study Form

Item	Project Information Required
Project ID	Insert project identification number. The identification number should be unique and should include up to 5 alphabetic letters to identify the Contracting Authority followed by a numerical sequence.
Line Ministry	Insert Line Ministry functionally responsible for the project.
Contracting Authority	Insert Contracting Authority responsible for the project.
Project Title	Provide a short and succinct project title, capturing the essence of the project.
Location	Provide the project location including the Province and District.
Project Concept Decision and Date	Insert the decision number for the project concept. Enter the project concept decision date.
Project Objective	Describe the direct benefit of implementing the project. Think of the fundamental reason the project is being proposed — examining immediate change or overall result. **Do not** provide project details here that can be described elsewhere on the Form.
Status before Project	**Briefly** describe the current situation (that is, without the project), using specific and factual data.
Status after Project	**Briefly**, describe how the current situation will be affected if the project is implemented. Use specific and factual data.
Justification	Justify the reason for undertaking the project in less than 250 words. The project should comply with all regulations and have positive socio-economic returns.

Item	Project Information Required
Alignment with National Development Strategies	Results-based management requires Ministries to agree on policy objectives and key result areas, which are then included in the Budget. How is the project aligned with Government policy objectives? Which Government strategic objectives does the project address, and how does it do so?
Alignment with Sector Strategies	Provide a detailed description of how the project links to and supports key sector policy and Ministry strategic policy objectives (see Ministerial preambles in the Estimates of Expenditure Book).
Alignment with Provincial and District Development Plan Objectives Supported by the Project	Will the project have an impact at the provincial and district levels? If so, what consultations has taken place with provincial and district stakeholders?
Other Strategic Considerations	Does the project align with national security considerations? Could it prevent or mitigate a national disaster (for example, a drought or an epidemic)?
Total Capital Costs	Update estimates to the project's total capital costs. The estimates of the project's total capital cost should be **as accurate as possible**. Please provide the source of information and justification for the amount stated.
Operating and Maintenance Cost	Anticipated annual operating and maintenance expenses.
Sources of Project Funds	Indicate funding source such as project promoter funds, Government budget funds, private sector, borrowing.
Funds Required to Conduct Feasibility Study	Indicate the funding needed to complete the feasibility analysis of the project. A compelling case should be made if the funding requirement exceeds 3 percent of the total capital cost.
Outcomes (expected)	List all **expected outcomes** resulting from the project. Outcomes should be a direct result of the project outputs.
Outputs (expected)	List all **expected outputs** to be directly delivered by the project (that is, the direct result of project activities. (See below). Outputs should be within or just within the Government agency's control. List all **anticipated results** (that is, those that will remain once the project has ended).
Main Activities	List the main project activities associated with the delivery of outputs. Activities should be listed **in a logical order** and **numerically linked** to outputs to facilitate an assessment of whether the proposed activities can realistically produce the outputs expected.

Item	Project Information Required
Implementation Plan	Provide a technically optimal project implementation plan. The implementation plan should also specify funds required for each phase and propose sources of funding. Provide output and activity schedule (Gantt chart) indicating the timing, sequencing, and dependencies for all activities.
Financial Effectiveness	Indicate the financial rate of return and the financial net present value.
Socio-economic Effective-ness	Indicate the economic rate of return and the economic net present value.
Fiscal Effectiveness	Indicate the annual nominal net fiscal impact and the present value of net fiscal impact over the project's life.
Risk Analysis	Identify and list major risk variables and propose risk mitigation options where possible.
Results of Preliminary Environmental and Social Impact Assessment	Provide a summary (less than 500 words) of the results of the Environmental and Social Impact Assessment.
Procurement Plan	Draft project procurement methods — open tender, closed tender, direct purchases — for all project goods and services (with due attention to any Government thresholds). Include a schedule (Gantt chart) detailing principal procurement deadlines.
Other Studies Conducted	List and provide a summary of results of other studies carried out with regards to the project.
Sources of Information	List primary sources of information used to derive alignment with strategic policies, preliminary project costs, demand projections and other information used in the preparation of Project Concept Note Form. Provide references to support key assumptions.

Source: Ministry of Finance and Economic Development

Guide to Completion of Pre-Feasibility Study Form

255. A Pre-Feasibility Study builds on the information obtained at the Project Concept Note stage, and refines the cost estimates by preparing preliminary engineering drawings.

256. The focus should be on the estimation and monetisation of the project benefits, as well as comparison of these benefits with the updated cost estimates.

257. The preliminary Environmental and Social Impact Assessments and the draft Procurement Plan should also be prepared at this stage.

258. The aim is to assess if the project has sufficient merit to justify a full, detailed appraisal.

259. The Pre-Feasibility Study Form should indicate the date that the Pre-Feasibility Analysis was completed. This analysis would then remain valid for a maximum of three years.

260. At this stage Contracting Authorities shall prepare a project financial and socio-economic analysis model.

261. This model (in an Excel file) must be submitted as part of the Pre-Feasibility Study.

262. Any data in the Project Concept Note Form obtained from secondary sources should be replaced with more accurate estimates, whenever possible.

263. For similar information in the Project Concept Note Form, new and more accurate estimates will be provided, whenever possible.

Project Registration and Administrative Information

264. The project identification (ID) should remain the same and should not be changed under any circumstances.

265. In case of a change in the Line Ministry/Contracting Authority responsible for the project implementation, the project ID will remain the same.

266. However, a new Line Ministry/Contracting Authority is added to the relevant section of the Pre-Feasibility Study Form and a justification for the change is provided.

Project Concept Decision and Date

267. Indicate Treasury decision on the Project Concept Note Form and insert the decision date in the following format, day/month/year (“DD/MM/YYYY”).

Project Objective

268. Project objective should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Status before the Project

269. The status before the project should be updated when appropriate to reflect any changes in the project itself or

any relevant information obtained during the Pre-Feasibility Study.

Status after the Project

270. The status after the project should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Justification

271. The project justification should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Strategic Alignment Assessment

272. Strategic alignment should be updated whenever appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Alignment with National Development Strategies

273. Strategic alignment with National Development Strategies should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Alignment with Sector Strategies

274. Strategic alignment with sector strategies should be updated whenever appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Alignment with Provincial and District Development Plans

275. Strategic alignment with Provincial and District Strategies should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Other Strategic Considerations

276. Strategic Alignment with other strategic considerations should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Total Capital Costs

277. The expected capital costs of the project should be updated based on the preliminary engineering drawings and cost estimates.

Operations and Maintenance Costs

278. The expected recurrent cost of the project should be updated based on the preliminary engineering drawings and cost estimates.

Sources of Project Funds

279. Based on the updated project costs, update the sources of funds as required.

Funds Required to Conduct the Feasibility Study

280. Indicate the funding needed to complete the Feasibility Study for the project.

281. A compelling case should be made if the funding requirement exceeds 3 percent of the total capital costs.

Outcomes

282. Outcomes of the project should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Pre-Feasibility Study.

Outputs

283. The outputs shall be detailed, specific and descriptive enough to clearly match with the project outcomes.

Activities

284. Based on the updated project outputs, the activities shall be specific and descriptive enough to clearly match with the project outputs.

Financial Effectiveness

285. Indicate the expected financial rate of return (FIRR) and financial net present value (FNPV) of the project.

286. For further details on how to construct financial cashflow statements and how to estimate the FIRR and FNPV, please refer to the Manual on Project Appraisal[3] or when available to the Sector-Specific Appraisal Manuals.

Socio-economic Effectiveness

287. The socio-economic appraisal of a project deals with the effect of the project on the entire society and determines if the project increases the overall welfare of the society.

288. Indicate the expected economic rate of return (ERR) and economic net present value (ENPV) of the project.

289. For further details regarding how to construct economic resource flow statements and how to estimate the ERR and ENPV, please refer to the Manual on Project Appraisal or when available to the Sector-Specific Appraisal Manuals.

Fiscal Effectiveness

290. Indicate the expected annual nominal net fiscal impact and the present value of the net fiscal impact of the project over the project's life.

291. Net fiscal impact shall include taxes paid, subsidies and any other fiscal incentives the project will receive.

292. For further details on how to derive the net fiscal impact please refer to the Manual on Project Appraisal or when available to the Sector-Specific Appraisal Manuals.

3 Ministry of Finance and Economic Development. Manual on Project Appraisal.

Risk Analysis

293. Identify and list risk variables, including budgetary and institutional, that could affect the project outcomes.

294. Use sensitivity analysis to measure the riskiness of the main assumptions used for the analysis.

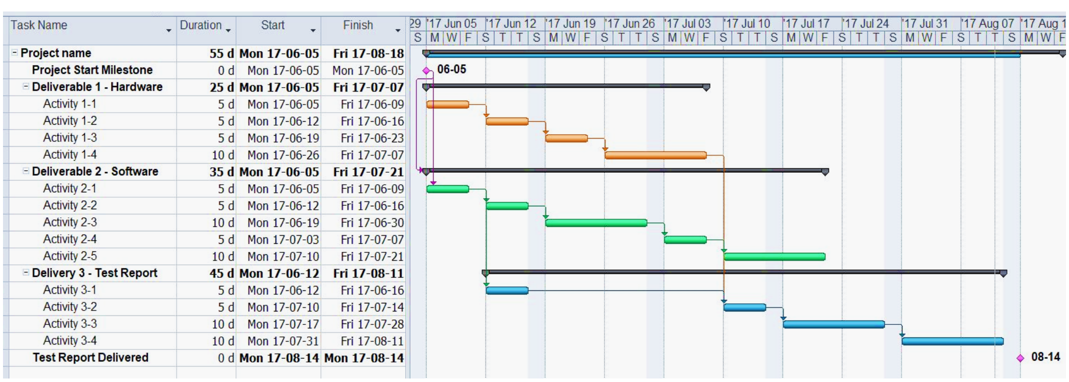
295. Document the risk mitigation strategies that can be pursued in response to the identified risks and their assessment in terms of probability and impact.

296. Identify risk transfer, elimination, and/or mitigation strategies.

Implementation Plan

297. Provide an output and activity schedule (Gantt chart) indicating the timing, sequencing, and inter-dependencies among project activities as shown in Figure 4 below.

Figure 4: Gantt Chart Sample



Source: Ministry of Finance and Economic Development

Environmental and Social Impact Assessment

298. Provide a summary (less than 500 words) of the results of preliminary Environmental and Social Impact Assessment.

299. The ESIA study shall comply with the provisions of Environmental regulations and it shall be included to the annexures attached to the Pre-Feasibility Study Form.

Other Studies

300. Additional studies may be required depending on the project objectives such as Gender Analysis.

301. A gender analysis is highly beneficial and essential when gender is an essential component of the project activities or outcomes.

Procurement Plan

302. The purpose of the Procurement Plan is to highlight all requirements expected to be procured over a specific project period.

303. In this section also describe the intended project procurement method for all project goods and services. This should comply with the act guiding public procurement.

Guide to Assessment of the Pre-Feasibility Study

304. The objective of assessing the Pre-Feasibility Study is to filter out irrelevant, impractical or economically unfeasible projects before costly detailed designs are undertaken, thereby saving precious time and resources.

Compliance with Requirements and the Submission Process

305. The Pre-Feasibility Study should comply with the requirements set out in the Public Investment Management Guidelines.

306. In case of missing information, or submission of a Pre-Feasibility Study Form that is not consistent with the Public Investment Management Cycle or Public Investment Management Budgeting Calendar, the Pre-Feasibility Study shall be returned to the Line Ministries with the requests to fulfil these requirements.

Consistency with Strategic Objectives

307. The assessment of the project's alignment with the Government's strategic objectives should be performed based on the Pre-Feasibility Study Report and supplementary documents.

308. These should compare project outputs and outcomes with the Government's strategic objectives as set out in the National Development Plans.

309. A project that is aligned with Government objectives should clearly demonstrate the link between its output and the respective Line Ministries strategic objectives which can be found in the Ministerial preambles in the Estimates of Expenditure Book.

Technical Feasibility Assessment

310. The assessment of the project's technical feasibility is based on the preliminary engineering designs for the achievement of the intended outcomes, considering the cost-effectiveness and technical analysis of the proposed technical solution.

Financial Feasibility Assessment

311. The Financial Feasibility Assessment will be based on the results of the financial analysis performed on the project, to include FNPV, FIRR, among others.

312. Such an assessment will not be applied to projects that do not have financial revenues.

313. At this stage, a preliminary consideration for the proper allocation of risks between Public and Private partners working on Joint Ventures projects will also be conducted.

Socio-economic Feasibility Assessment

314. Socio-economic Feasibility Assessment will be based on the results of the economic analysis performed on the project, such as the ENPV, EIRR, among others.

315. The ENPV of the project must be positive in order for the project to receive a positive decision.

Financial Affordability Assessment

316. A Financial Affordability Assessment requires a careful analysis of the expected capital and operating and maintenance costs of the project.

317. The Affordability Assessment should be conducted based on the following three indicators:

- Justifications provided for the size and project cost;
- Budgetary load resulting from capital and recurrent costs of the projects;
- Ability of a project to obtain funding from the external sources (that is from government borrowing); and
- Explicit and implicit contingent liabilities resulting from the project.

Risk Analysis Assessment

318. The Risk Analysis Assessment is conducted by comparing the magnitude of changes in the project outcomes due to a change in the project variables.

319. The results of the assessment may also indicate if detailed data on some of the assumptions will need to be collected during the Feasibility Study.

CHAPTER 6

Completion of the Feasibility Study Form

320. The Feasibility Study Form contains critical information that should be presented at the feasibility stage to assist in decision making about the project including funding options.

321. A Feasibility Study builds on the information obtained at the Pre-Feasibility Study stage. The feasibility stage provides for a detailed design of the project.

322. This chapter provides guidance on how to complete the Project Feasibility Study Form as shown in Table 3 below.

Table 3: Feasibility Study Form

Item	Project Information Required
Project ID	Insert the project identification number. The identification number should be unique and should include up to 5 alphabetic letters to identify the Contracting Authority, followed by a numerical sequence.
Line Ministry	Indicate the Line Ministry functionally responsible for the project.
Contracting Authority	Indicate the Contracting Authority responsible for the project.
Project Title	Provide a short, succinct title, capturing the essence of the project.
Location	Provide project location including the Province and District.
Project Pre-feasibility Study Decision and Date	Insert decision number for the project Pre-Feasibility Study. Enter project PFS decision date.
Feasibility Analysis Completion Date	Indicate the completion date, day/month/year (dd/mm/yyyy)

Item	Project Information Required
Project Objective	Describe the direct benefit of implementing the project. Think of the fundamental reason the project is being proposed — examining immediate change or overall result. **Do not** provide project details here that can be described elsewhere on the Form.
Status before Project	Describe the current situation (that is, without the project), using specific and factual data.
Status after Project	Describe how the current situation will be affected if the project is implemented. Use specific and factual data.
Justification	Justify the reason for undertaking project. The project should comply with all regulations and have positive socio-economic returns.
Alignment with National Development Strategies	Results-based management requires Ministries to agree on policy objectives and key result areas, which are then included in the Budget. How is the project aligned with Government policy objectives? Which Government strategic objectives does the project address, and how does it do so?
Alignment with Sector Strategies	Provide a detailed description of how the project links to and supports key sector policy and Ministry strategic policy objectives (see Ministerial preambles in the Estimates of Expenditure Book).
Alignment with Provincial and District Development Plan Objectives Supported by the Project	Will the project have an impact at the provincial and district levels? If so, what consultations has taken place with provincial and district stakeholders?
Other Strategic Considerations	Does the project fit with national security considerations? Could it prevent or mitigate a national disaster (for example, a drought or an epidemic)?
Total Capital Cost (US$)	Provide final estimates of the project's total capital costs. The estimates of the project's capital costs should be **as accurate as possible**. Copies of engineering drawings and costing should also be submitted.
Operating and Maintenance Cost	Indicate the optimal annual operations and maintenance expenditures.
Sources of Project Funds	Indicate sources of project funding such as internal Contracting Authority funds, Government budget funds, the private sector and borrowing among others.

Item	Project Information Required
Outcomes (expected)	List all **expected outcomes** resulting from the project. Outcomes should be a direct result of the project outputs.
Outputs (expected)	List all **expected outputs** to be directly delivered by the project (that is, the direct result of project activities. See below). Outputs should be within or just within the Government agency's control. List all **anticipated results** (that is, those that will remain once the project has ended).
Main Activities	List the main project activities associated with the delivery of outputs. Activities should be listed **in a logical order** and **numerically linked** to outputs to facilitate an assessment of whether the proposed activities can realistically produce the expected outputs.
Implementation Plan	Provide a technically optimal project implementation plan. The implementation plan should also specify funds required for each phase and propose sources of funding. Provide output and activity schedule (Gantt chart) indicating the timing, sequencing, and dependencies for all activities.
Financial Effectiveness	Indicate financial rate of return and financial net present value.
Economic Effectiveness	Indicate economic rate of return and economic net present value.
Fiscal Effectiveness	Annual nominal net fiscal impact. Present value of net fiscal impact over the project's life.
Risk Analysis	A comprehensive risk analysis shall be conducted at this stage. Whenever possible additional data should be collected to better measure the risk. At this stage implementing agencies are encouraged to use entire range of techniques, such as, sensitivity analysis, decision trees, and risk simulation software.
Proposed Financing Modality of Public Investment	Specify the financing mode, for example public investment project or joint venture.
Environmental and Social Impact Assessment	Provide a summary (less than 500 words) of the results of Environmental and Social Impact Assessment including the Environmental and Social Management Plan.
Procurement Plan	Indicate project procurement methods — open tender, closed tender, direct purchases — for all project goods and services (with due attention to any Government thresholds). Include a schedule (Gantt chart) detailing principal procurement deadlines.

Item	Project Information Required
Monitoring, Review, Action and Reporting Plan	The Line Ministry shall identify stakeholders responsible for monitoring outputs delivery and specify the frequency of the monitoring and reporting cycle. Outline the roles and responsibilities of the ministerial project board, project manager and executing agency. Consider developing a monitoring framework, including indicators of project progress/success, as agreed by all parties.
Project Governance Structure Plan	Provide details of the party responsible for project management within the applicant line ministry/department/agency. (If there will be a project steering committee, provide details of the proposed membership.)
Other Studies	List and provide a summary of results of other studies carried out with regard to the project.

Source: Ministry of Finance and Economic Development

Guide to Completion of the Feasibility Study Form

323. Extensive engineering studies are performed and final cost estimates are derived to determine the expected financial and socio-economic returns.

324. The Feasibility Study is valid for a maximum of five years after the completion date.

325. After this period, in case funding is not obtained, the project should be reappraised.

326. A project may also need to be reappraised if there are significant changes in input costs or expected benefits.

327. At this stage, the parameters used in estimating project outcomes such as FNPV and ENPV must be thoroughly refined.

328. The variables that need to be refined are those from the Pre-Feasibility Study for example the total capital cost, operations and maintenance and recurrent expenditures.

329. Data used in the Pre-Feasibility Study that was obtained from secondary sources shall be replaced with final and more accurate estimates.

Project Identification Information

330. The project ID should remain the same and should not be changed under any circumstances.

331. In case of a change in the Line Ministry/Contracting Authority responsible for the project implementation the project ID will remain the same.

332. A new Line Ministry/Contracting Authority will be added to the relevant section of the Pre-Feasibility Study Form and a justification for the change will be provided.

Project Pre-Feasibility Study Decision and Date

333. Indicate the Treasury's decision on the Pre-Feasibility Study, and include the decision date in the following format: day/month/year ("DD/MM/YYYY").

Feasibility Analysis Completion Date

334. Indicate the Feasibility Analysis completion date in the following format: day/month/year ("MM/YYYY").

Project Objective

335. The Project objective should be updated when appropriate to reflect any changes in the project itself or any relevant information obtained during the Feasibility Study.

Status before the Project

336. The Status before the project should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Status after the Project

337. The Status after the project should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Justification

338. The project justification should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Strategic Alignment Assessment

339. The Strategic Alignment Assessment should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Alignment with National Development Strategies

340. Strategic alignment with National Development Strategies should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Alignment with Sector Strategies

341. Strategic alignment with Sector Strategies should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Alignment with Provincial and District Development Plans

342. Apply the same Guidance as indicated with respect to Completion of the Pre-Feasibility Study Form Section.

343. The strategic alignment with Provincial and District Strategies should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Other Strategic Considerations

344. Apply the same Guidance as indicated with respect to the Completion of Pre-Feasibility Study Form Section.

345. Strategic alignment with other strategic considerations should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Total Capital Costs

346. The expected capital costs of the project should be updated based on the detailed engineering drawings and cost estimates.

Operations and Maintenance Costs

347. The expected recurrent costs of the project should be updated based on the detailed engineering drawings and cost estimates.

Sources of Project Funds

348. Apply the same Guidance as indicated with respect to the Completion of Pre-Feasibility Study Form Section. Based on the updated project costs, update the sources of funds as required.

Outcomes

349. Apply the same Guidance as indicated with respect to the Completion of Pre-Feasibility Study Form Section.

350. Outcomes of the project should be updated when appropriate to reflect any changes in the project itself, or any relevant information obtained during the Feasibility Study.

Outputs

351. The outputs shall be detailed, specific and descriptive enough to clearly match with the project outcomes.

Main Activities

352. Based on the updated project outputs, the activities shall be specific and descriptive enough to clearly match with the project outputs.

Implementation Plan

353. The implementation plan should be detailed, clearly demonstrating dependencies across project activities, and key milestones towards achieving outputs.

Financial Effectiveness

354. Present the final expected financial rate of return and financial net present value of the project.

355. For further details on how to construct financial cashflow statements and how to estimate FIRR and FNPV, please refer to the Manual on Project Appraisal[4] or when available to the Sector-Specific Appraisal Manuals.

4 Ministry of Finance and Economic Development. (2018). Manual on Project Appraisal.

Socio-economic Effectiveness

356. Present the final expected economic rate of return and economic net present value of the project.

357. For further details on how to construct economic resource flow statements and how to estimate ERR and ENPV, please refer to the Manual on Project Appraisal or when available to the Sector-Specific Appraisal Manuals.

Fiscal Effectiveness

358. Present the final expected annual nominal net fiscal impact and the present value of the net fiscal impact of the project over the project's life.

359. This shall include taxes paid, subsidies and any other fiscal incentives the project will receive.

360. For further details on how to derive the net fiscal impact please refer to the Manual on Project Appraisal or when available to the Sector-Specific Appraisal Manuals.

Risk Analysis

361. A comprehensive risk analysis shall be conducted at the Feasibility Study stage. When possible, additional data should be collected to better measure the risk.

362. Implementing agencies are encouraged to use the entire range of techniques, such as, sensitivity analysis, decision trees, and risk simulation software.

363. A detailed and through risk analysis report shall be attached to the Feasibility Study Form.

Proposed Modality of Public Investment

364. Highlight the preferred option for financing the project. It can be Public Investment, Joint Venture and Private-sector financing.

Environmental and Social Impact Assessment

365. Provide a summary of results of the Environmental and Social Impact Assessment.

366. The ESIA study shall comply with the provisions of Environmental regulations.

367. The ESIA report shall be included to the annexes attached to the Feasibility Study Form.

Procurement Plan

368. The purpose of the Procurement Plan is to highlight all requirements expected to be procured over a specific project period.

369. In this section, provide details of the project procurement method for all project goods and services. This should be in compliance with the act guiding public procurement.

Monitoring, Review, Action and Reporting Plan

370. Line Ministry shall identify stakeholders responsible for monitoring outputs delivery and specify the frequency of monitoring and reporting cycle.

371. Outline the roles and responsibilities of the ministerial project board, project manager and executing agency.

372. Consider developing a monitoring framework, including indicators of project progress/success, as agreed by all parties.

373. The plan should be in compliance with the National Monitoring and Evaluation Policy[5].

Project Governance Structure Plan

374. The Governance refers to the set of functions, processes, procedures and responsibilities of the key stakeholders to clearly define the establishment, management and control of the project.

375. The plan provides the required internal controls, while externally, it reassures stakeholders that the funds being spent are justified.

376. At the Feasibility Study stage, the project governance structure should delineate the roles and responsibilities of the key project stakeholders.

5 The Government of Zimbabwe. (2015). National Monitoring and Evaluation Policy. Harare, Zimbabwe.

377. This should include a plan for the establishment of the Project Management Unit, the Project Steering Committee and any other relevant institutional arrangements.

Other Studies

378. Additional studies may be required depending on the project objectives such as gender analysis.

Sources of Information

379. List the primary sources of information used to derive the alignment with strategic policies, preliminary project costs, demand projections and other information used in the preparation of the Pre-Feasibility Study Form.

380. Provide references to support the key assumptions.

Guide to Assessment of the Feasibility Study

381. The objective of assessing the Feasibility Study is to filter out irrelevant, impractical or economically unfeasible projects before costly detailed designs are undertaken, thereby saving precious time and resources.

Compliance with Requirements and the Submission Process

382. The Feasibility Study should comply with the requirements set out in the Public Investment Management Guidelines.

383. In case of missing information, or submission of a Feasibility Study Form that is not consistent with Public Investment Management Cycle and its Budgeting Calendar, the Feasibility Study shall be returned to the Line Ministries requesting to fulfil the requirements.

Consistency with Strategic Objectives

384. The assessment of the alignment of the project with the Government strategic objectives should be performed based on the Feasibility Study Report and supplementary documents.

385. It should compare project outputs and outcomes with the Government's strategic objectives set out in the National Development Plans.

386. A project that is aligned with government objectives should clearly demonstrate the link between its output and the Line Ministry's strategic objectives which can be found in the Ministerial preambles in the Estimates of Expenditure Book.

Technical Feasibility Assessment

387. The Technical Feasibility Assessment should be based on the final engineering designs for the achievement of the intended outcomes considering the technical analysis of the proposed technical solution.

Financial Feasibility Assessment

388. The Financial Feasibility Assessment will be based on the results of the financial analysis performed on the project such as the FNPV, FIRR, among others.

389. Such an assessment will not be applied to the social projects that do not have financial revenues.

Socio-economic Feasibility Assessment

390. The Socio-economic Feasibility Assessment will be based on the results of the economic analysis performed on the project such as the ENPV, EIRR, among others.

391. The ENPV of the project must be positive for the project to receive a positive decision.

Risk Analysis Assessment

392. The Risk Analysis Assessment is conducted using the Risk Analysis Report submitted by the Line Ministries.

393. The Risk Analysis Assessment aims to determine the viability of the proposed risk mitigation strategies as well as the feasibility of related costs.

394. The costs associated with the risk mitigation strategies necessary for successful project implementation are added to the project costs.

395. The financial and socio-economic assessments are then revised using this updated project cost estimate.

Financial Affordability Assessment

396. A Financial Affordability Assessment requires a careful analysis of the expected capital, operating and maintenance costs of the project. An Affordability Assessment should be conducted based on the following indicators:

- Justifications provided for the size and cost of the project;
- Budgetary load resulting from capital and recurrent costs of the projects;
- Ability to obtain project funding from external sources (that is from government borrowing); and
- Explicit and implicit contingent liabilities resulting from the project.

Public Investment Modality Assessment

397. The Public Investment Modality Assessment aims to determine if the project is suitable for Joint Venture financing. The Assessment is based on the three criteria:

- Results of the financial feasibility assessment, in particular, the ability of the project to generate financial revenues providing minimum required rate of return to attract private participation;

- The socio-economic effectiveness of the project;
- The urgency of the project. Projects that are deemed urgent may not be considered for Joint Ventures because of greater time demand involved in reaching financial agreement;
- Strong potential for proper allocation of risks between Public and Private partners.

Compliance with Environmental, Social and Other Regulations

398. To qualify for a Positive Decision, the project must be prepared in compliance with Environmental, Social and other Regulations.

Assessment of Implementation and Monitoring and Evaluation Plans

399. The assessment of the project's Implementation Plan is carried out taking into consideration the soundness of the proposed implementation strategy, the availability and sources of funds, and technical feasibility.

400. To qualify for a Positive Decision, the project must be prepared in compliance with Monitoring and Evaluation policies and regulations.

CHAPTER 7

Project Completion Form

401. At the project completion stage, Contracting Authorities should complete a standard Project Completion Form.

402. This Form provides an accurate project summary and an assessment of whether the project objectives were achieved.

403. This form signifies that the project is complete and that no further activities or expenditures can be authorised.

Table 4: Project Completion form

NEW WORKS (CONTRACT) FINAL REPORT FORM

N.B. It is essential to provide full and accurate information.

IDENTIFICATION:

1. (1) Project Title: ....

   (2) Project ID: ....

   (3) Project Location: ....

2. **IMPLEMENTATION PERFORMANCE** ....

3. **DESCRIPTION OF STRUCTURE OR SERVICES** ....

4. **CONTRACT NUMBER** ....

5. **NAME OF CONTRACTOR(S)** ....

6. **VARIATION ORDER** (Attach formal approvals for variations) ....

7. **DRAWING/DESIGN REFERENCE NUMBER** ....

8. **ORIGINAL CONTRACT SUM** ....

9. **CUMULATIVE EXPENDITURES** ....

10. **ASSET REGISTRY**

TO: The Secretary (Responsible Authority)

I/We certify that the final inspection has now been made regarding the service/building referred to and that:

The work previously reported as being due to be executed during the defect and liability period is now complete, with the exception of the items listed.

These items are not to be executed by the contractor, and the necessary financial adjustments should be made accordingly.

11. **FOR PHYSICAL BUILDINGS AND STRUCTURES**

The contractor may now be relieved of all responsibility.

Structural Inspector: **Name**........................... **Signature**........... **Date**...........

Electrical Inspector: **Name**........................... **Signature**........... **Date**...........

Mechanical Inspector **Name**………………………. **Signature**……….. **Date**………..

Civil Inspector: **Name**………………………. **Signature**……….. **Date**………..

ARCHITECT /ENGINEER IN CHARGE

Name…………………………. Signature…………………..

Date …………..

12. **FOR NON-PHYSICAL INVESTMENTS**

Technical
Inspector: **Name**………………………. **Signature**……….. **Date**………..

PROJECT MANAGER

Name…………………………. Signature…………………..

Date …………..

END OF DOCUMENT

Harare

Zimbabwe

November 15, 2017

ACRONYMS

CBA	Cost-Benefit Analysis
CEA	Cost-Effectiveness Analysis
CPI	Consumer Price Index
EIRR	Economic Internal Rate of Return
ENPV	Economic Net Present Value
ERR	Economic Rate of Return
ESIA	Environmental and Social Impact Assessment
FIRR	Financial Internal Rate of Return
FNPV	Financial Net Present Value
FRR	Financial Rate of Return
GDP	Gross Domestic Product
IDBZ	Infrastructure Development Bank of Zimbabwe
IMPEC	Inter-ministerial Project Evaluation Committee
IRR	Internal Rate of Return
JV	Joint Venture
KPI	Key Performance Indicators
LM	Line Ministries
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development
NPV	Net Present Value
OPC	Office of the President and Cabinet
PFM	Public Finance Management
PFS	Pre-Feasibility Stage
PIM	Public Investment Management
PIP	Public Investment Program
PPDF	Project Preparation Development Fund
PSI	Public Sector Investment
PSIP	Public Sector Investment Program
PV	Present Values
SMART	Specific, Measurable, Achievable, Relevant, and Time-bound

GLOSSARY OF TERMS

Assumption: A statement taken as valid for project planning, but which could later change.

An assumption is made where some facts are not yet known or decided upon.

It is usually reserved for matters of such significance that, if they change or prove to be untrue, the project will need considerable rethinking.

Construction Schedule: A table that lists the project's milestones, activities and their dependencies, and deliverables with intended start and finish dates.

Contingency Allowance: A reserve for in-year expenditures above appropriations.

The contingency «refers to costs that will probably occur based on past experience, but with some uncertainty regarding the amount.

Cost-Benefit Analysis (CBA): Cost-Benefit Analysis is defined as a systematic process for calculating and comparing the benefits and costs of a decision, policy or project.

With CBA, benefits and costs are expressed in monetary terms and are adjusted so that the life-cycle benefits and projects costs over time (which tend to occur at different points in time) are expressed on a common basis in terms of their net present value.

Cost Effectiveness Analysis (CEA): The Cost Effectiveness Analysis compares the relative costs and outcomes (effects) of a decision, policy or project.

The CEA attempts to assign a monetary value to the measure of effectiveness.

In this regard, Cost-Effectiveness Analysis is often used in sectors where it may be inappropriate to monetise the effect(s).

Examples of such sectors include the health sector, where it is difficult to place a monetary value on the life or health of the citizens, as well as the education sector if access to primary education is within the constitutional right of citizens.

Contracting Authority: Any Ministry, Government Department or Public Entity that initiates Public Sector Investment (PSI) projects or has entered into or is considering entering into a contractual agreement for the purposes of providing public infrastructure and/or services.

Economic Rate of Return (ERR): The Economic Rate of Return is interest rate at which the cost and benefits of a project, discounted over its life, are equal.

The ERR differs from the financial rate of return in that it considers the effects of factors such as price controls, subsidies, and tax breaks to compute the actual cost of the project to the economy.

Economic Net Present Value (ENPV): The difference between incoming and outgoing resources, described as economic benefits and cost resource flows.

The ENPV differs from the Financial Net Present Value (FNPV) as it accounts for the actual cost of resources and consumers' willingness to pay for them.

It also takes into account the effects of factors such as price controls, subsidies, and tax breaks.

Evaluation: The systematic and objective assessment of an ongoing or completed project, program or policy, its design, implementation, and results achieved.

Financial Internal Rate of Return (FIRR): The FIRR is the gain or loss of an investment over a specified time period, expressed as a percentage of the investment's cost.

Financial Net Present Value (FNPV): Financial net present value is defined as the sum of present values (PVs) of incoming and outgoing cash flows over a given period of time.

Financial Affordability: A project is deemed to be financially affordable if the project's costs can be met from currently available means of financing.

Financial Feasibility: A project is deemed to be financially feasible if the revenues of the project cover the project costs.

Gantt Chart: A graphical representation of a project plan, showing Activities (shaded bars); Milestones (black diamonds); and Dependencies (usually as lines linking the relevant ends of the activity bars).

Indicator: A quantitative or qualitative factor or variable that provides a straightforward and reliable means of measuring achievement.

It is used as a reference point to reflect change in a project component or to help assess project performance.

Joint Venture (JV) Projects: A project to be implemented under a joint venture arrangement, as outlined in the Joint Venture Act Chapter 22:22.

Milestone: A point at which progress toward achieving an objective can be measured. Sometimes used interchangeably, it indicates the production or completion of a deliverable or the meeting of an objective.

Financing Modality of Public Investment: These are financing models for investment projects, such as public investment projects, Joint Ventures, Development partners supported projects.

Monitoring: The recording, analysis, and reporting of actual as compared to planned project performance.

Objective: A targeted benefit, which should be designed to comply with SMART (Specific, Measurable, Achievable, Relevant, and Time-bound).

A project should produce at least one deliverable in support of each objective.

Outcome: A positive or negative effect of carrying out a project.

Outputs: Outputs are those tangible products produced or services delivered toward producing the desired project or program results.

Procurement: The acquiring of goods or services as defined by the act guiding public procurement.

Project: This refers to the design, construction, development, operation or delivery of a new infrastructure, asset, facility or service or rehabilitation, modernisation, expansion, operation, delivery or management of an existing infrastructure, asset, facility or service.

Project Management: Project management is the process of planning, controlling and directing a project from inception to completion within a given period, at a given cost and for a given purpose.

Public Entities: Entities are defined as specified in paragraph (a), (b), (c), (d) in section 2 of the Public Finance Management (PFM) Act.

Risk: A combination of the probability of a defined threat or opportunity occurring and its potential magnitude/impact.

Stakeholder: Any person or organisation having an interest in the progress or outcomes of a given project or programme usually because they are part of it or are affected by what it delivers.

Socio-economic feasibility: A project is deemed to be socio-economically feasible if expected social and economic benefits of a project outweigh the expected social and economic costs of the project.

Technical feasibility: The project is deemed to be technically feasible if the proposed solution is the most cost-effective and technically optimal solution to the problem being addressed by the project.

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