



Republic of Namibia

OFFICE OF THE PRESIDENT

NATIONAL PLANNING COMMISSION



## Guidelines for the Preparation and Submission of Capital/Development Projects

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## **1. Introduction**

The National Planning Commission (NPC) Act (Act No.2 of 2013) mandates the NPC to plan and spearhead the course of National Development. It is based on this mandate that NPC spearhead and coordinate the preparation and implementation of the Development Budget. This is to ensure effective planning, implementation and coordination of the Development Budget.

The Development Budget is a budget for public investment geared towards funding of infrastructures development and developmental activities. It aims to guide government's decisions on resource prioritization and management as well as determining Government's influence on the economy as an investor and as a provider of services. The Development Budget is presented in a form of Medium Term Expenditure Framework (MTEF), which is a three year rolling budget whereby the first year provides firm estimates and the other two subsequent financial years provide indicative estimates.

## **2. Rationale**

The guidelines outline the procedures involved in preparing and submitting Capital/Development Projects for funding. For the past years, lack of agreed, comprehensive and documented procedures to guide and direct implementers on the preparation and submission of Capital/Development projects to be funded through the Development Budget has made it difficult for implementers to properly prepare and submit their Capital/Development projects requests in accordance. This resulted into each institution adapting different procedures. It is on this basis that NPC has developed these guidelines to guide all Government institutions and other stakeholders requiring funds through the Development Budget. In addition, the guidelines also guide the identification and preparation of national projects, even those that are not funded through the Development Budget. The guidelines aim to bring about effectiveness in preparation of Capital/Development Projects and enhance proper management of funds. The guidelines are applicable to all projects that are identified at a grassroots level and at a National level.

### 3. Users of these Guidelines

The Guidelines are to be used by Offices, Ministries and Agencies (OMAs), Regional Councils (RCs), Local Authorities (LAs) and State Owned Enterprises (SOEs) who are responsible for identification, formulation, appraisal and submissions of projects within their institutions. These guidelines are also to be used by NPC which is responsible for the review and appraisal of projects for possible funding.

### 4. Project Planning

**By definition a project** is a set of inter-related, coordinated and non-repetitive activities with defined starting & completion dates and specified costs, which are undertaken to produce/create a unique product or produce goods and services to meet specific objectives.

A project should be aligned and contributes to a specified programme in the National Development Plans. Programmes and projects should follow a logic model<sup>1</sup>, organized in a harmonized manner and within a limited integrated budget. In Namibia, project planning is done as explained in the following section.

#### 4.1 Planning Approach

The Government of Namibia has two planning approaches; Bottom- up approach and Top-down approach. Identification, preparation and submission of Capital/Development project(s) can follow either one of the two approaches and should follow the appropriate hierarchy of that specific approach.

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<sup>1</sup> A **logic model** is a planning tool used to clarify and graphically display the rationale and the desired outcomes of an intervention. It is a simplified model that indicates how and why an intervention will work and it also aids in monitoring interventions by clearly identifying what has to be monitored.

### 4.1.1 Bottom -up approach

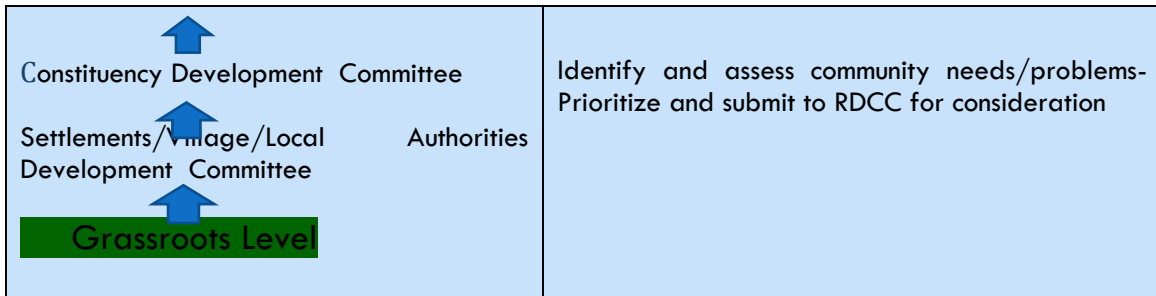
The Bottom-up approach entails identification of a specific need at a grass root level. The identified needs of the community should go through the relevant regional structures such as; Settlements Development Committee /Village Development Committee, Local Authority Development Committee, Constituency Development Committee and Regional Development Coordination Committee of that specific areas for assessment and approval. Based on its merit, a project can either be approved or disapproved.

In a case where approval is granted at all the regional structures, the identified need will then be translated into a project of which a Project Identification Form (PIF) <sup>2</sup>will be completed and submitted using the hierarchy of the Bottom-up approach for further assessment and approval.

**Table 01: Bottom- up approach**

Hierarchy	Responsibilities
National Planning Commission	Appraise the OMAs submissions and approve/disprove project (s) for funding
	
Office, Ministry and Agency's	Analyze the Regional submissions and approve /disprove the project (s) and submit to NPC
	
Regional Council	Regional Council to review the recommendation made at RDCC, endorse the proposals based on merits and recommend to the relevant OMAs for budget consideration.
	
Regional Dev. Coordination Committee	Coordinate the development planning of the region by integrating and prioritizing all development project Concept/proposals for the Region and recommend to the Regional Council for Approval.

<sup>2</sup> A PIF is a form used to capture Capital/ Development Project information in details in terms of project activities, project cost & requested MTEF amount, Budget Source (Inside or Outside State Revenue Funds) and project impacts, amongst others. The Form and the completion instruction is an annex to this document for clear and easy use.



Source; National Planning Commission

## Example of a Bottom- Up Approach



The resident of Tsandi Village Council identifies a need of a Health Centre facility, this need is due to the fact that the nearby health facility is 50 KM away. The Planner of Tsandi Village Council together with the Department of Health representative in the region (*in case of full decentralization*) will then develop a concept note to clearly stipulate the need of the community in details. The concept note is then discussed and approved at the council as one of the priority of the council. The proposal is further presented to the Tsandi Constituency Development Committee (CDC) where the proposal of the project is approved. The proposal will after the CDC approval be forwarded to Omusati Regional Development Coordination Committee (RDCC) for assessment and approval. After all these, the proposal is agreed upon as one of the priorities of the region.

The Planner of Tsandi Village Council will then have to translate the proposed need into a project and complete the Project Identification Form (PIF) and attach the concept note and all relevant documents of the project to support the PIF. The PIF and its supporting documents is forwarded to the Ministry of Health and Social Service (line Ministry for the project) for assessment. The planning Department or responsible unit in the Ministry will then assess the need. If the Ministry finds the proposed project to be of importance and viable, the Ministry then forward the project proposal to NPC for approval. NPC then assess the viability of the project and can either approve or disapprove the project for funding.

## 4.1.2 Top- down approach

This approach involves identification of a national need by central government/Cabinet. The identified national need is issued by Cabinet as a directive to the responsible institution who then translate the directive into a project and complete the PIF. In this case, responsible institution will follow the Top-down approach hierarchy for the assessment and approval of the project, as specified in table 02 below.

**Table 02: Top-down approach**

Hierarchy	Responsibilities
Cabinet or Ministerial Directive 	Identify a National needs
Line Ministry/ implementer of the project 	Analyses the identified needs and prepare a project concept notes and relevant documentation for assessment by NPC
National Planning Commission	Appraise the project to either approve/disprove for funding

*Source; National Planning Commission*

### Example of a Top-down Approach

The Cabinet member identifies a need for a State of Art Referral Hospital as the existing ones are about to reach their life span and unable to accommodate the growing population of the country and its unique health requirements. Cabinet then issues a directive to the Ministry of Health and Social Service in this regard.

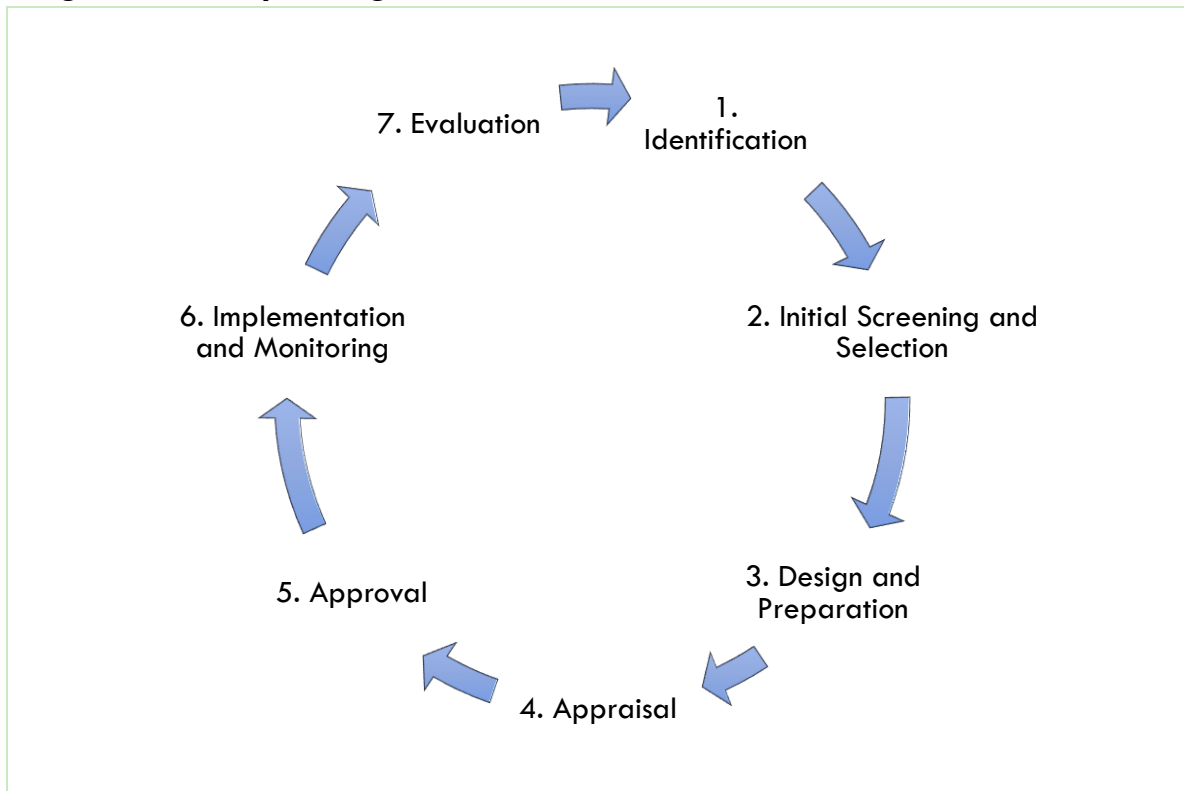
The responsible unit of the ministry then takes up the directive and develop a concept note to clearly stimulate the need and how this need will be executed. The concept note is then discussed by the Ministry's management were approval is given. The Planner translate the proposed need into a project and complete the PIF with all relevant documents attached to it. The PIF is then forwarded to NPC. NPC assess the viability of the project and can either approve or disapprove the project for funding.

**Please Note:** approval or disapproval can happen at any level of the planning approach's hierarchy. At all levels of the planning approach hierarchy, it is crucial that feedback is given to the sender.

## 4.2 Project Development Stages

All projects should pass through seven (7) stages of the projects cycle as stipulated in diagram 01.

**Diagram 01: Project stages**



### 4.2.1: Identification stage

This is the first stage of a project whereby a project idea is conceived. The emergency of a project idea is often encouraged by certain situations or conditions such as; community needs, deficiency in goods and services, existence of underutilized or unutilized natural resources, conserving over-exploited natural resources or policy guidelines and development objectives of government.

Identification of the project involves developing the project concept note, including defining objectives and various options for achieving them. Effective project identification involves a process of negotiation and agreement



between stakeholders that are proposing the project, those that are part of the implementation of the project and the beneficiaries.

### **Example**

The proposed construction of Tsandi health facility project is a result of a community need and deficiency in goods & services as the nearby health facility is 50 KM away. A concept Note is formulated at this stage by the Tsandi Village Council. The consultation between the community of Tsandi, the Regional representative of the Ministry of Health and Social Services and other relevant stakeholders will take place during this stage.

### **4.2.2: Initial Screening and Selection stage**

This second stage of the project cycle takes place once the concept note of the project is in place. During this stage, the project linkage to the National Development objectives should be determined. The following criteria should be considered when screening and selecting a project:

- ✓ The impact of the project (economically and socially)
- ✓ The feasibility of the project, technically and institutionally
- ✓ Options to achieve an acceptable result
- ✓ What can be achieved within existing resource constraints
- ✓ The environmental readiness of the project and the level of risks acceptable

### **Example**

The proposed construction of Tsandi health facility Initial screening and selection will start with the Tsandi Village Council and continues up to the last hierarchy of the assessment.

### **4.2.3: Design and Preparation stage**

At this stage, the project itself needs to be worked out in full details. This stage involves collection of relevant data on the proposed project and the development of a Project Design Document (PDD), as well as the project implementation plan. Depending on the status of the project, different requirements are applied at this stage:

For **New Capital/Development Project**<sup>3</sup> at this stage, a PIF should be completed, and proof of Land ownership and Concept note should be in place.

### Example

The proposed construction of Tsandi health facility is a new project identified and at this stage the PIF should be completed and attached to it is the proof of land ownership and concept note.

- For **Ongoing Capital/Development projects**<sup>4</sup> at this stage, a PIF should be completed. Depending on the specific stage of that ongoing project, a Feasibility Study or Design and documentation will be required before implementation commences. This stage requires technical knowledge, therefore, a technical consultant can be appointed to work on the project to produce the required documents either appointed by the Department of Works or by implementing institutions themselves.

#### 4.2.4: Appraisal stage

This stage involves assessment of the project's contribution to National Development Plan objectives, assessment of whether the resources should be committed to the preferred options, financial and human capacity to deliver the required outputs and whether the necessary supporting documents are attached.

Depending on the planning approach that the project undertook, appraisal of a project takes place at different levels and the final appraisal lies with the NPC. The appraisal at NPC is done in accordance to the **Guidelines for the Appraisal of Development/Capital Projects**<sup>5</sup>. The Guidelines for the Appraisal of Development/Capital Projects appraise the project in terms of its financial and economic viabilities, social benefits and others risks that are likely to be associated with the project. Implementers are required to acquaint themselves with the Guidelines for the Appraisal of Development/Capital Projects, to fully understand the appraisal criteria and prepare their projects submission in accordance.

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<sup>3</sup> **New Capital/Development Project** refers to Capital/Development project whose implementation has not yet commenced and are submitted and assessed at NPC level for the first time.

<sup>4</sup> **Ongoing Capital/Development project** refers to Capital/Development project whose implementation has commenced & it is ongoing and the project has been submitted and assessed at NPC level before.

<sup>5</sup> Guidelines for the Appraisal of Development/Capital Projects as approved by Cabinet, Cabinet decision: No: 3rd /27.03.18/003

## Example

The proposed construction of Tsandi health facility appraisal will happen at the Tsandi village Development Committee, Tsandi Constituency Development Committee, Omusati Regional Development Committee, Ministry of Health and Social service and at NPC level using specified criteria.

### 4.2.5: Approval stage

Approval of a project takes place at different levels such as; village Development Committee, Constituency Development Committee, Regional Development Committee, Regional Council, OMAs level, Cabinet level and NPC level depending on the project planning approach used, the final stage of approval lies with NPC and approval is awarded to a project if it is found to be either financially, economically or socially viable.

## Example

The proposed construction of Tsandi health facility approval will happen at the Tsandi village Dev. Committee, Tsandi Constituency Dev. Committee, Omusati Regional Dev. Committee, Omusati Regional Council, Ministry of Health and Social service and at NPC level, approval is granted when a proposed project is found to be financially and socially viable.

### 4.2.6: Implementation and Monitoring stage

At this stage, the implementing agency has a direct responsibility for implementation and managing the project. Planners at all level (OMAs, RCs, LAs and SOEs) are involved in the management and monitoring of projects to ensure that projects meet their original objectives and to assist project executors in resolving implementation problems. Depending on who is the project executor, the Department of Works may be involved if they are the one to execute the project on behalf of the client. NPC, on annual basis, is required to monitor the implementation of projects. Implementing agencies and the Department of Works are expected to submit progress reports to the NPC. In addition to the Monitoring and Evaluation being done at the NPC level, the Parliamentarians and General Public can also monitor projects implementation from time to time.

## **Example**

The proposed construction of Tsandi health facility implementation and monitoring will be done by the Ministry of Health and Social service and Tsandi village Council who are the implementers. The Department of Works will execute/oversee the technical part of the project. The monitoring of this project can also be done by NPC which is responsible for the national monitoring and evaluation of national projects. Monitoring of projects is not only restricted to implementers and NPC, it can also be done by Parliamentarians and General Public.

### **4.2.7: Evaluation stage**

The final stage of the project cycle measures how far the project objectives have been achieved and any other impacts that the project brought about. Evaluation should be results oriented and thus focus on outputs (short term results), outcomes (medium term results) and impacts (long term results). Other types of evaluation can be conducted if need be by implementers or NPC at any time.

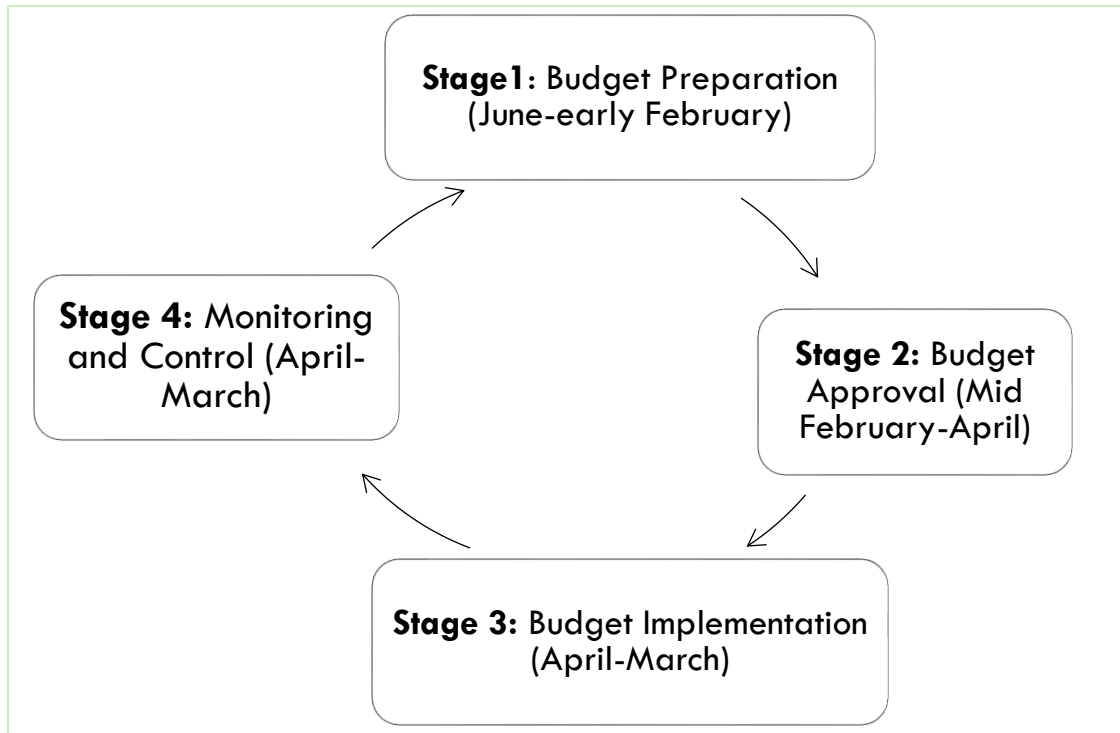
## **Example**

After the construction of Tsandi health facility, the Ministry of Health and Social services in conjunction with Tsandi village Council can carry out the evaluation study to determine the impact the health facility has on the community of Tsandi if need be. Furthermore NPC can also conduct an evaluation study on the project when necessary.

## **5. Project Preparation and Implementation Calendar**

The submission of Capital/Development project for funding is to follow the National Budget calendar as well as its implementation. Diagram 02 indicates the Budget cycle.

**Diagram 02: Budget cycle**



## **5.1: Budget Preparation**

### **5.1.1 Project Submission**

During this stage, Implementing Agencies are required to have their project information handy. The proposed Capital/Development projects are expected to be submitted to NPC not later than the 31<sup>st</sup> July every fiscal year, ahead of the Budget circular deadline. This is to ensure adequate time for NPC to properly assess the submission. The project information is to be presented in a PIF. If for instance, a project is identified through the Bottom-up approach, the respective region is required to complete a PIF and submit to the responsible vote after it has passed the relevant regional structures. Similarly, if the project is identified through the Top-down approach, assessment, approval and completion of the PIF is to be done by the respective vote.

The vote is to assess all the vote's PIFs and if approved at the vote level, the responsible planner(s) at the vote level is expected to capture the vote's project

(s) in the Project Planning and Performance Management System (PPPMS) <sup>6</sup>and submit to NPC electronically via the system using the system's hierarchy as specified in the *PPPMS Basic User Manual*.

### **5.1.2 Budget Hearings**

After the Votes budget submission, the Budget hearing invitation letter is sent out jointly by the Ministry of Finance (MoF) and NPC to all Accounting Officers of all votes requesting them to attend and present their budget needs and reflect on the spending of the previous financial year. A timetable in this regard is drawn up by MoF with specific date and time for each vote. Regions are invited to attend those sessions in support of their budget proposals as agreed to during the formulation.

During the hearings, comments and suggestions are given to OMAs and the resubmission dates are communicated at that platform. Votes are then expected to incorporate the suggestions and comments made during the budget hearings and resubmit within the specified resubmission date.

### **5.1.3 Ministerial Consultations**

After the Budget Hearings with the technical officials is concluded, the Honorable Minister of Finance will then call for ministerial consultations with counterparts from all votes to discuss the financial outlook for that specific MTEF and discuss with the counterparts their operational requirements.

Based on the outcome of the Budget Hearings and the Ministerial Consultations, the Sector Planners/ Sector Advisors from MoF and NPC are to draft the proceeding minutes which will be used to inform further budget analysis.

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<sup>6</sup> **PPPMS** is a computerized system design with a PIF that make provision for vote to capture the details of their projects.

#### **5.1.4 Budget Ceilings**

The NPC analyses the Development Budget submissions from the line Ministries and recommends the global ceiling per vote for the MTEF and submits the recommended global ceilings per Vote to the MoF. The MoF will scrutinise the proposed Development ceilings and present the proposed ceilings to Cabinet Committee on Treasury (CCT) for approval. After the approval by CCT, the MoF will communicate the global Development Budget Ceilings to NPC.

The global ceilings can vary with the recommended ceilings by NPC, based on other factors such as revenue projections and new government policies if any. Depending on the approved ceilings, NPC will re-assess and re-allocate the Development Budget Ceilings per vote using the project appraisal criteria.

The re-allocation of ceilings will be presented to NPC Top management for approval and then communicated to individual votes. After the ceilings are communicated to the votes, the votes are expected to call/engage with their stakeholders (RCs, LAs & SOEs) to re-work on their Development Budget and adjust their projects budget to be within the set ceilings. The votes are then expected to re-submit their budget to NPC via the system within the specified deadline as specified in the ceilings communication letter to the vote.

#### **5.2 Production of the Development Budget Book**

After the re-submission from all votes, NPC compiles the budget submissions and further conduct a detailed verification of the submissions. Thereafter, NPC communicates the final Development Budget information to MoF and MoF will officially communicates to NPC the expected date of the tabling of the National Budget.

The NPC will then compile the Development budget data and verify the information and produce the Development Budget Book.

### **5.3: Budget Approval**

The approval happens during the period of Mid- February to March of every financial year. The Honorable Minister of Finance tables the National Budget in Parliament. Thereafter, the National Assembly and the National Council discuss and approve the National Budget.

#### **Procedures made at National Assembly**

Following the closure of the “global” commentary on the MTEF and the Appropriation Bill, the August House then goes into the Committee Stage through the 2nd Reading of the Appropriation Bill by the Minister of Finance. Detailed deliberations on the proposal for each Vote are undertaken. Following the approval at the Committee stage, the chamber reconstitutes itself to approve the Appropriation Bill for referral to the National Council.

#### **Procedures made at National Council**

In the National Council, a similar process is followed and subsequent to it, upon securing Parliamentary approval as determined by “standing rules and orders” the National Council passed the Appropriation Bill.

**After the two houses have passed the Appropriation Bill, it then gets referred to the Presidency for signature and official gazetting as an Act of Parliament (Law of the Republic of Namibia).**

### **5.4: Budget Implementation**

While the Appropriation bill is being debated in parliament, the Minister of Finance under section 9(a)(i) and (ii) authorised to release funds equal to 33% of the O/M/As previous budget, in order to continue their expenditure on goods and services. The continuation amount is then loaded on to the system and votes split their amounts according to their expenditure plan. Execution of programmes and projects by O/M/As then begins on the 1<sup>st</sup> of April of each financial year.

After the National Budget is signed and passed, the votes are then to start with full implementations of their approved Capital/ Development projects according to specific project’s implementation plan within the appropriated



budget. NPC is to ensure the loading of the Development Budget information on the Integrated Financial Management System (IFMS) at the beginning of every financial year to allow spending of that particular financial year. Furthermore, NPC is to distribute the Development Budget books to all OMAs and implementation of Capital/ Development projects by OMAs, RCs, LAs and SOEs commence as soon as the financial year starts.

### 5.5: Monitoring and Control

Implementation starts with each financial and this goes hand-in-hand with the monitoring and controlling of the budget and physical execution of Capital/ Development projects. The monitoring and control of the Development Budget is done by the Implementing Agencies on a daily basis. Furthermore, the monitoring and control of the budget can also be done by NPC, MoF, Auditor General, Parliamentarian and the general public. The quarterly Capital/ Development Progress Report should be submitted at the end of each quarter (**within two weeks upon closure of each quarter**). The financial year's quarters are as presented in the Table 03 below.

**Table 03:** Financial Quarters

Quarter (s)	Period
1 <sup>st</sup> Quarter	April – June
2 <sup>nd</sup> Quarter	July – September
3 <sup>rd</sup> Quarter	October- December
4 <sup>th</sup> Quarter	January- March

## **6. Compliance**

The Guidelines for the Preparation and Submission of Capital/Development Projects should be adhered to by all implementers. Failure to comply with the submission and preparation steps outlined in the guidelines and the specified submission deadline will automatically cause the project to be disqualified for that specific fiscal year.

## **7. Conclusion**

These guidelines outlined the processes involved in the preparations and submissions of Capital/ Development projects. It is worth noting that these processes may change if need be, especially when there are reforms in the budget preparations. However, any development or revision on the guidelines will be communicated to OMAs.

## Annexure I: Project preparation and submission checklist

The checklist outlines importance steps that the project should follow depending on the project stage and the planning approach used.

### Project originated from Bottom -up approach Checklist

Steps	Tick	Verification ( Signature/ Stamp)
<b>Preparation</b>		
Identification done in consultation with all relevant Stakeholders		
Initial Screening and Selection conducted		
Design and Preparation completed		
<b>Appraisal done at:</b>		
Settlements/Village/Local Authorities Development Committee		
Constituency Development Committee		
Regional Development Coordination Committee		
Regional Council		
Office, Ministry and Agency's		
National Planning Commission		
<b>Approval done at:</b>		
Settlements/Village/Local Authorities Development Committee		
Constituency Development Committee		
Regional Development Coordination Committee		
Regional Council		
Office, Ministry and Agency's		
National Planning Commission		

## Project originated from Top -Down approach Checklist

Steps	Tick	Verification ( Signature/ Stamp)
<b>Preparation</b>		
Identification done in consultation with all relevant Stakeholders		
Initial Screening and Selection conducted		
Design and Preparation completed		
<b>Appraisal done at:</b>		
Cabinet or Ministerial Directive		
Line Ministry/ implementer of the project		
National Planning Commission		
<b>Approval done at:</b>		
Cabinet or Ministerial Directive		
Line Ministry/ implementer of the project		
National Planning Commission		