

MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT

Circular No 9 of 2022

Our Ref: CF/50/10/50/10/498

28 September 2022

From: Financial Secretary

To: Supervising Officers-in-Charge of Ministries/Departments and Accounting Officers

Call for Submission of Capital Project Intentions

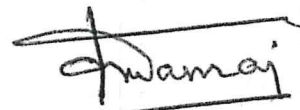
You are requested to submit a list of capital project intentions and relevant details as per the template at Annex I that your Ministry/Department and public bodies under the purview of your Ministry intend to implement in the next financial years.

2. As you are aware, the call for submission of capital project intentions is now an annual exercise that allows this Ministry to better assess whether the project intentions fit national strategic goals and offer logical solutions to specific issues/problems, to ascertain their economic and social justification, and also to develop a pipeline of capital projects. In addition, once project intentions are retained, Ministries and Departments will have ample time for the project preparation. This will ensure that the projects reach an advanced stage of preparedness by the time of the preparation of the next budget and thus minimise risks of delays in their implementation.

3. This exercise is indeed an effective step in the project cycle as a number of project intentions retained last year were included in the Public Sector Investment Programme (PSIP) and provisions were made in the 2022-2023 Budget Estimates for their implementation.

4. You are, therefore, requested to submit your capital project intentions with preliminary cost estimates of above Rs 10 million (excluding VAT) in soft and hard copies to the Project Implementation and Management Unit (PIMU - pimu@govmu.org) and the relevant SMST of this Ministry by the **28th of October 2022**. The template for submission of the project intentions is at Annex I (also available at the Ministry's website <https://mof.govmu.org>) and the contact details of officers of PIMU are at Annex II.

5. You will be informed whether the project intentions have been retained and would be able to proceed with project preparation. Funding for project preparation has been earmarked under Vote 24-1: Centrally Managed Initiatives of Government.



D. D. Manraj, G.O.S.K
Financial Secretary

Call for Expression of Capital Project Intentions

Cost estimates of Rs 10 million and above (excluding VAT)

1 General Information	
Information Requirement	Response from Public Body/ Implementing Agency <i>(Guidance Notes in Italic – to be deleted when completing form)</i>
1.1 Project title	<i>Write the title of the project.</i>
1.2 Project description	<i>Write a short description of the project including all components required to deliver the intended benefits of the project, including supporting components, like training.</i>
1.3 Responsible Public Body/ Implementing Agency	<i>Write the name of the public body/ Implementing Agency that is responsible for preparing the project.</i>
1.4 Senior official (Project Manager) in Public Body responsible for the project	<i>Write the title, name and contact details of the senior official in the public body responsible for the Capital Project Intention.</i>
1.5 Parent Ministry	<i>Write the name of the parent ministry responsible for the Capital Project Intention if different from the responsible public body</i>
1.6 Senior official (Project Manager) in Parent Ministry responsible for the project	<i>Write the title name and contact details of the senior official in the parent ministry responsible for the Capital Project Intention.</i>
1.7 Project location and Constituency	<i>Write the name of the Outer Island, district and Constituency where the project will take place. It can be one or more options depending on the focus of the project. Name them all.</i>
1.8 Expected start date and duration (Months/Years)	<i>Write the expected start date (month and year) and duration of the project. The start date shall correspond to the initiation of the project's first</i>

	<i>milestone (feasibility study) in the project's schedule. The duration shall be determined as the difference between the prospective date of the last project milestone which is the project's handover to the operating unit and the start date of the project's first milestone (feasibility study).</i>
1.9 Cost Estimates (excluding VAT)	<i>Write the total cost estimate as at Section 3.3.</i>
2 Strategic Case: Is there a convincing rationale for the project based on policy relevance and intervention logic?	
Information Requirement	Response from Public Body/ Implementing Agency
2.1 Indicate how the project fits with national strategic goals	<i>Include the specific objectives, indicators, and strategic goals of the Government Programme and the Sector Strategy or Masterplan to which the project's objective is targeted.</i>
2.2 Describe the specific problem or opportunity that the project is intended to address and explain how the project will do this. Identify the main benefits to users and non-users of the facilities.	<i>The intervention logic describes the coherence and consistency behind the objective, strategic guidance, and justification of the investment intention.</i> <i>Describe the problem to be resolved or opportunity to be exploited by the project (and its scale) in a clear way. Include some basic number estimates to support the justification.</i> <i>Keep in mind that the potential benefits of the project should be plausible and closely related to the problem identified. The beneficiaries should also be clearly identified.</i>
2.3 Explain the reason for Government intervention, as opposed to the private sector.	<i>Reasons usually relate to market failure and/or distributional/equity concerns.</i>
2.4 Indicate the urgency of the need for the project, by describing what will happen in the absence of the project.	<i>The urgency of the need for the services to be provided by the project should be demonstrated in a clear way.</i>

3 Economic and Financial Case: Is there good reason to believe that the project has the potential to offer value for public money?																	
Information Requirement	Response from Public Body/ Implementing Agency																
3.1 Provide an approximate estimate of the demand for the services to be provided by the project and an estimate of growth in this demand (Please state source/s of information)	<p><i>In providing the demand estimates, indicate approximately how many end users there will be for the services to be provided by the project.</i></p> <p><i>Give the preliminary growth estimates of the physical demand of the services provided by the project on a yearly basis until the last year of operation.</i></p> <p><i>Be sure to include the sources of information for the provisional estimate of demand and to specify the unit(s) of measurement (e.g., cubic metres of water per day, vehicles per day, clients per day, etc.).</i></p>																
3.2 Give an estimate of the cost of preparatory studies required for project appraisal, i.e., surveys, preliminary design, feasibility study, environmental and social impact studies, etc. (Please provide supporting evidence, where available)	<table border="1"> <thead> <tr> <th>Item</th> <th>Total (Rs '000s)</th> </tr> </thead> <tbody> <tr> <td>Surveys for preliminary design, including geotechnical, and for demand studies</td> <td></td> </tr> <tr> <td>Feasibility study, including preliminary design</td> <td></td> </tr> <tr> <td>Preliminary environmental and social impact assessments</td> <td></td> </tr> <tr> <td>Other (explain)</td> <td></td> </tr> <tr> <td>Total cost (excl. VAT)</td> <td></td> </tr> <tr> <td>VAT</td> <td></td> </tr> <tr> <td>Total cost (incl. VAT)</td> <td></td> </tr> </tbody> </table> <p><i>Include in the table template the <u>indicative</u> implementation cost estimates of any prior studies needed to educate the project financing decision and whether a pre-feasibility study of any alternatives is needed to pre-select options before the appraisal stage.</i></p> <p><i>At the concept stage, these cost estimates are purely financial values (with no adjustments for opportunity costs) and should be based on and supported by secondary information (e.g., recently completed studies for similar projects).</i></p>	Item	Total (Rs '000s)	Surveys for preliminary design, including geotechnical, and for demand studies		Feasibility study, including preliminary design		Preliminary environmental and social impact assessments		Other (explain)		Total cost (excl. VAT)		VAT		Total cost (incl. VAT)	
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3.3 Give an indicative estimate of the total estimated capital cost of the project including all components required to deliver anticipated benefits to end-users (that is to make it operational/fit for purpose). (Briefly explain the methodology used for making these cost estimates.)

Item	Total (Rs '000s)
Preliminaries - site acquisition, relocation of services, etc.	
Consultancy services, including project management and supervision	
Construction cost	
Other costs, including machinery/equipment/software and fixtures and fittings, including interior decoration & furniture	
Total cost (excl. VAT)	
VAT	
Total cost (incl. VAT)	

Use the table template to write the estimated costs.

Considering that at concept stage there is no preliminary design and bill of quantities, detailed item-by-item costing is not possible, hence not expected. However, indicative estimates should encompass all the elements of capital and recurrent costs required to achieve the project's objective. Estimates should be based on and supported by secondary information such as recently completed studies for similar projects, actual costs of recently procured or completed similar projects or comparable international data for similar projects.

The most reasonable approach at this stage to carry out the indicative estimates is to use unit rates for equivalent physical outputs (e.g., Rs per km of road, Rs per m² of floor-space in buildings differentiated by complexity of construction, etc).

Where available, the unit cost of a similar completed project should be reported.

3.4 Please provide a provisional disbursement profile of total capital investment costs by fiscal year.

Fiscal Year	Total (Rs '000s)	Total (%)
Fiscal Year 1		
Fiscal Year 2		
...		
Fiscal Year n		
Total		

Extend the table as necessary

Use the table template to write the estimated disbursements. Write the actual Fiscal Year/s in the first column of the table.

If the project can be completed in one fiscal year, then write the full amount under the actual 'Fiscal Year 1' - this will be the same amount shown in 3.3. If the project spans more than one fiscal year, write the year and the amount requested for each year and its percentage share of the total until completion.

3.5 Give an estimate of the average annual operating and maintenance cost of the project after the end of the contractor's defects liability period. Indicate source of funding and whether increases in charges or fees will be required
(Briefly explain the basis for these estimates, and indicate if there will be any significant periodic maintenance costs)

The indicative estimates provided should encompass all the elements of costs required to operate and maintain the project. This means operating costs like utilities and services (salaries), routine maintenance costs, costs of periodic maintenance (planned resurfacing of roads for example) and replacement of integral equipment, as required for the facility to continue delivering the planned quality and quantity of services over its expected operating life. Also, the estimates should be based on and supported by any secondary information (recently completed studies for similar projects).

The most reasonable approach at this stage to arrive at the indicative estimates is to use unit rates for equivalent physical outputs (e.g., Rs per km for operating and maintaining a road, Rs per m2 for operating and maintaining a building, etc). Periodic maintenance costs can be reported separately or annualised in the unit rates. Whatever the case, the nature of any periodic maintenance costs should be identified.

	<i>The basis for the cost estimates should be explained and, where available, the unit cost of a similar operating/maintained project should be reported.</i>
3.6 Identify any project alternatives that have potential to offer value for money and should be included in the feasibility study. Indicate also other alternatives that have been dropped and why. (Project alternatives include different locations, phasing and technologies, as well as non-investment alternatives.)	<p><i>Possible project alternatives to achieve the project's objective might include different locations, phasing, and technologies, as well as non-investment alternatives. Alternatives do not include procurement or funding modalities: these are considered later.</i></p> <p><i>Keep in mind that project alternatives must be considered and discussed as there is usually more than one way to achieve the project's objective. Accordingly, project preparation is intended to choose and implement a project proposal among a selected set of them.</i></p>
4 Commercial Case: Is the path towards the most advantageous procurement modality set out clearly?	
Information Requirement	Response from Public Body/ Implementing Agency
4.1 Describe the provisional procurement strategy that will be used to ensure optimal competition.	<p><i>When designing and describing the procurement strategy and plan for the project, make sure that the requirements of the Public Procurement Act and accompanying regulations for a project of the intended scale and nature are followed.</i></p> <p><i>Note any coordination activities with the Central Procurement Board.</i></p>
4.2 Indicate any potential constraint/s to competitive procurement and any market testing or other activities that will be required to finalise the procurement strategy and plan.	
4.3 Indicate if the project has the required characteristics that would make it suitable for consideration as a PPP/BOT (Project Size, Revenue Potential/Bankability, Value for Money, Risk Allocation/ Sharing).	<i>An opinion of the BOT Unit may be sought.</i>

5 Management Case: Is the path towards the efficient delivery of the project and services set out clearly?																							
Information Requirement	Response from Public Body/ Implementing Agency																						
<p>5.1 Provide an outline schedule for achievement of main project milestones. (Where applicable, mention recently completed projects of a similar nature that were used as a basis)</p>	<table border="1" data-bbox="911 454 1433 1108"> <thead> <tr> <th>Milestone</th> <th>Prospective Completion Date</th> </tr> </thead> <tbody> <tr><td>Feasibility study</td><td></td></tr> <tr><td>Clearance & approvals</td><td></td></tr> <tr><td>Detailed design & tender preparations</td><td></td></tr> <tr><td>Preconditions & clearance</td><td></td></tr> <tr><td>Tender launch</td><td></td></tr> <tr><td>Award of Contract</td><td></td></tr> <tr><td>Construction start</td><td></td></tr> <tr><td>Construction end</td><td></td></tr> <tr><td>Handover</td><td></td></tr> <tr><td>Commencement of Operations</td><td></td></tr> </tbody> </table> <p><i>Use the table template to write the planned schedule for the project.</i></p> <p><i>The estimated dates should be realistic and based on and supported by secondary information (timings for recently completed similar projects).</i></p> <p><i>Milestones may be changed, depending on the nature of the project.</i></p>	Milestone	Prospective Completion Date	Feasibility study		Clearance & approvals		Detailed design & tender preparations		Preconditions & clearance		Tender launch		Award of Contract		Construction start		Construction end		Handover		Commencement of Operations	
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<p>5.2 Identify any critical constraint/s and high probability/high impact risks that will need to be overcome, e.g., environmental restrictions, land acquisition, etc.</p>	<p><i>Make sure to include the main high probability/high impact risks that could slow the project down and/or result in additional costs, together with any proposals for mitigating these risks. Existing sector-specific guidelines and procedures for risk management should also be considered.</i></p>																						
<p>5.3 Summarise the proposed arrangements for overseeing and managing project implementation taking into consideration the forward workload of the implementing body.</p>	<p><i>When summarising the arrangements for overseeing and managing implementation, make sure that the requirements of sector-specific guidelines and procedures for those purposes are followed.</i></p> <p><i>Also check that the proposed approach to oversee and manage the project's implementation is</i></p>																						

	<p><i>realistic and contains the specifications on its capacity requirements.</i></p> <p><i>It should be possible to manage implementation of the project alongside other ongoing or committed projects. In this respect, the names and values of other significant projects that will be under implementation at the same time as the proposed project should be provided.</i></p>
5.4 Summarise the proposed arrangements for managing the operation and maintenance of the facilities created by the project, indicating where capacity strengthening are likely to be required.	<p><i>When summarising the arrangements for managing the operation and maintenance of the facilities created by the project, make sure that the requirements of sector-specific guidelines and procedures for those purposes are followed.</i></p> <p><i>Also check that the proposed approach to manage the project's operation and maintenance is realistic and contains the specifications on its capacity requirements.</i></p>
6 Sustainability Issues	
Information Requirement	Response from Public Body/ Implementing Agency
6.1 Briefly describe any potentially significant environmental impact/s that will need further investigation and design of mitigation measures.	<p><i>The identified potential impacts may be associated with the use of natural resources, pollution, and land-use designations.</i></p> <p><i>Make certain that all significant potential impacts caused directly or indirectly by the project on the conditions of the environment, or an ecosystem are described, along with their further investigation and mitigation needs. Also check that any legal requirements and accompanying regulations for assessment are indicated and planned to be followed.</i></p>
6.2 Briefly describe any potentially significant social impact/s that will need further investigation and possible mitigation, particularly those relating to the distribution of benefits between the various affected parties.	<p><i>Social impacts should not be confused with the potential socio-economic benefits and disbenefits generated by the project – these are dealt with under 'Project Benefits'.</i></p> <p><i>Social impacts concern differential distribution of project effects by gender, income, ethnic group, geographical location, etc.</i></p> <p><i>Make certain that all significant potential social impacts caused directly or indirectly by the project are described, along with their further investigation and mitigation needs.</i></p>

	<i>Also check that any legal requirements and accompanying regulations for assessment are indicated and planned to be followed.</i>	
<p>6.3 Identify any significant potential threats to the project due to climate change. (Describe the further work required to assess the scale of these threats and plan adaptation measures)</p>	<p><i>Climate change exposure and impact imply either damage to the physical infrastructure or wider economic and social effects from interruption of services delivery (E.g., operating efficiencies of equipment may be reduced due to higher temperatures; availability of water resources may be reduced causing potential demographic shifts and changing patterns of land use; and rising sea levels may increase flood risk and erosion for coastal assets.</i></p> <p><i>Note any coordination activities for consultations with the Department of Climate Change at the Ministry of Environment, Solid Waste Management and Climate Change.</i></p> <p><i>Please attach an opinion of the Department of Climate Change on the proposed climate change impact case included in this section of the investment intention.</i></p>	
Certified by:		
	Officer-in-Charge of Implementing Agency	Supervising Officer of Parent Ministry
<i>Full Name</i>		
<i>Designation</i>		
<i>Signature</i>		
<i>Date</i>		

Contact details of officers of the PIM Unit are as follows:

Name	Designation	Email	Tel (260 1300)
Mr. C. Ramchurn	Lead Analyst	cramchurn@govmu.org	Ext 3074
Mr. K. Santchurn	Lead Engineer	ksantchurn@govmu.org	Ext 3070
Mrs. T. Abdoolcurim	Analyst/Senior Analyst	babdoolcurim@govmu.org	Ext 3092
Ms. U. Bolaky	Analyst/Senior Analyst	ubolaky@govmu.org	Ext 5321