

**MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT**

**Circular No 11 of 2017**

**Our Ref:** CF/40/30/63/A V6

**19 September 2017**

**From:** Financial Secretary

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

**FINANCIAL MANAGEMENT KIT (FM KIT)**

**Financial Instructions No 3 of 2017 – Capital Project Process Manual**

As you are aware, the Finance and Audit Act has been amended in the Finance (Miscellaneous Provisions) Act 2017 to provide for the Minister of Finance and Economic Development to issue instructions in respect of the **Capital Project Process Manual (CPPM)**. The objective is to simplify the framework of planning, financing and implementation of capital projects.

2. The purpose of this circular letter is to inform Supervising Officers of the:
  - (a) new process that has been set out in the Financial Instruction No. 3 of 2017 – *Capital Project Process Manual* for appraisal and approval of capital projects;
  - (b) setting up of a Public Investment Management Unit (PIMU) in this Ministry to replace the **Project Plan Committee (PPC)** which was under the Ministry responsible for the subject of public infrastructure; and
  - (c) development of a pipeline of projects.
3. With a view to having a unified framework for public investment management, the current CPPM has been reviewed and simplified. The new process for project approval has been designed in such a way to ensure that projects are adequately prepared so as to avoid unnecessary delays at implementation stage. It provides for:
  - (i) MOFED to appraise project proposals **below Rs 25 Million** and give appropriate clearances;
  - (ii) line Ministries to seek Cabinet approval for projects of **at least Rs 25 Million and below Rs 100 Million** and thereafter proceed with project preparation. Implementation of such projects will be subject to budget provisioning; and
  - (iii) in the case of **projects above Rs 100 million**, line Ministries to seek Cabinet approval before carrying out the appropriate study of the project, and subsequently for project preparation and implementation.
4. The CPPM defines the process for changing a project value. It also gives an element of flexibility to line Ministries to change a project value subject to certain conditions.

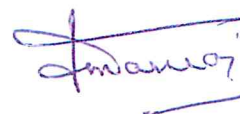
5. Henceforth, Supervising Officers are requested to submit their Project Request Form (PRF) directly to MOFED [PIMU (pimu@govmu.org/ Tel No: 201 1155)], with copy to relevant Sector Ministry Support Team (SMST).

6. Financial Instructions No. 3 of 2017 – *Capital Project Process Manual* have been finalized after consultations with the National Audit Office and after clearance by the Attorney-General's Office. Where appropriate, the comments/suggestions received from Ministries/Departments have also been incorporated in the CPPM.

7. The new CPPM will **take effect as from the date of this Circular**. It will replace the existing provisions contained in the current CPPM and will also supersede the provisions in the Financial Management Manual regarding approval of capital projects. The CPPM will now form part of the Financial Management Kit as a new volume.

8. You are requested to ensure compliance with enclosed Financial Instructions No. 3 of 2017 – *Capital Project Process Manual* issued under Section 22 A of the Finance and Audit Act. Kindly note that the CPPM should be read in conjunction with procurement law and regulations/guidelines issued by PPO as well as Financial Instructions issued by this Ministry relating to procurement.

9. It would be appreciated if the contents of this Circular could be brought to the attention of public bodies falling under your purview.



**D.D. Manraj, GOSK**  
**Financial Secretary**

Copy to:

- (i) Secretary to Cabinet and Head of the Civil Service
- (ii) Director of Audit
- (iii) Accountant-General
- (iv) Directors, Economic and Finance, MOFED
- (v) Director, Financial Operations
- (vi) Director, Procurement & Supply
- (vii) Director, Internal Control
- (viii) Officers-in-Charge of Financial Operations Unit, Procurement & Supply Unit and Internal Control Unit in Ministries/Departments
- (ix) Lead Analyst & SMSTs, MOFED