

WELCOME

**Preparation of Development Project Proposal
(DPP), Processing and Approval**

Presented by

**Kazi Ashraf Hoque, MBA, FCMA
Ex-Controller, Finance & Accounts,
Bangladesh Power Development Board(BPDB)
kaziashraf21@gmail.com**

বেক্টর, বেলওয়ে ট্রেনিং একাডেমি, বাংলাদেশ বেলওয়ে,
চট্টগ্রাম

Outline

- DPP Preparation
- Financial and Economic Analysis
- Viability of a Project
- Approval Procedure

Preparation of Development Project Proposal (DPP),

- **Part-A: Project Summary**
- **Part-B: Project Details**

Part-A: Project Summary

1.0 Project Title

2.1 Sponsoring Ministry/Division

2.2 Implementing Agency

2.3 Concerned Division of Planning Commission

3.0 Objectives of the Project (Please specify in bullet/number/percentage)

4.0 Project implementation period:

i) Date of commencement

ii) Date of completion

5.1 Estimated Cost of the Project (Taka in lac) Total :GOB

(JDCF/DRGA-CF or any other Debt Cancellation):

5.2 Exchange Rate(s) with Date

(Source: Bangladesh Bank)

Japanese Debt Relief Grant Assistance-Counterpart Fund (DRGA-CF)

Part-A: Project Summary

6.1 Mode of Financing with Source(Taka in Lac)

Source Mode

GOB,(FE),PA (RPA),Own Fund

6.2 Year wise Estimated Cost: (Taka in Lac)

6.3 Financing Plan of the proposed project considering MTBF ceiling and allocation required for ongoing projects in ADP: Annexure VII

7.1 Location of the Project:

7.2 Justification of selecting the project area:

8. Location wise Cost Breakdown: Annexure I

9. Estimated Cost Summary (Taka in Lac):

Part-A: Project Summary

Mode of financing

6.1 Mode of financing with source

(Taka in Lac)

Source/Mode	GOB (FE)	PA (RPA)	Own fund (FE)	Other (Specify)	PA source
1	2	3	4	5	6
Loan/credit					
Grant					
Equity					
Other(specify)					
Total					

Part-A: Project Summary

Mode of financing

6.2 Year wise allocation of GOB Fund and Own fund according to DPP(Tk in lakh)

Financial Year		
1		
2		
3		
4		

7.0 Location of the Project

Division	District	Upazalla/city/Corporation/Pouroshova
1	2	3

Part-A: Project Summary

10. Logical Frame:

(i) Planned date of project commencement :

(ii) Planned date of project completion

	Narrative summary	Objectively verifiable indicators (OVI)	Means of verification (MOV)	Important assumption (IA)
Goal				
Objective/Purpose				
Output				
Input				

11. Project Management:

11.1 Proposed Project Management Setup (As per Annexure-II)

11.2 Implementation Arrangement

12. Financial and Procurement Plan:

12.1 Procurement Plan [As per Annexure -III(a), III(b) & III(c)]

12.2 Year wise Financial and Physical Target Plan (As per Annexure-IV)

13. After completion, whether the output of the project needs to be transferred to the revenue budget:

Part-B: Project Details

Project Details

- 14. Background Information:
 - 14.1 Background with Problem Statement
 - 14.2 Linkages (to Other Projects & Institutions)
 - 14.3 Poverty Situation
- 15. Project Description:
 - 15.1 Objectives
 - 15.2 Outcomes
 - 15.3 Outputs
 - 15.4 Activities

Part-B: Project Details

Project Details

- 16. Population Statistics
- 16.1 Population Coverage
- 16.2 Population disaggregated data by women, senior citizens, children, physically & mentally challenged etc.
- 17. Whether any pre-appraisal/feasibility study/pre-investment study was done before formulation of this project? If so, attach summary of findings & recommendations. (If not, mention the causes)
- 18. Financial & Economic Analysis, (Attach Calculation Sheet):
 - 18.1 Net Present Value (NPV), considering 12% discount rate
 - 18.2 Benefit-Cost Ratio (BCR), considering 12% discount rate
 - (i) Financial
 - (ii) Economic

Part-B: Project Details

Project Details

- 18.3 Internal Rate of Return (IRR)
 - (i) Financial
 - (ii) Economic
- 19. Lessons Learnt from Similar Nature of Project(s):
- 20. Basis of Item wise Cost Estimate and Date:
- 21. Comparative Cost of Major Items of Similar Other Projects:
- 22. Detailed Annual Phasing of Cost (As per Annexure –V(a) & V(b))
- 23. Technical Specification/Design of Major Items (To be attached)
- 24. Amortization Schedule for repayment of loan taken from Government (As per Annexure -VI)
- 25. The effect/impact, adaptation and specific mitigation measures thereof, if any, on:
 - 25.1 other projects/existing installations

Part-B: Project Details

Project Details

- 25.2 environmental sustainability like land, water, air, bio-diversity, ecosystem services
- 25.3 disaster management, climate change
- 25.4 employments
- 25.5 poverty situation
- 25.6 organizational arrangement/setup
- 25.7 populations
- 26. Environmental Clearance:
 - 26.1 Environmental impact wise project category (Red/Orange/Green)
 - 26.2 Whether environmental clearance under the Environmental Conservation Act, 1995

Part-B: Project Details

Project Details

- 27. Specific linkage with (i) Bangladesh Delta Plan 2100, (ii) Perspective Plan 2021-2041, (iii) Five Year Plan, (iv) SDG targets and (v) Ministry/Sector Priority
- 28 Contribution of the Project in achieving the Vision, Mission of the Ministry Division and Implementing Agency.
- 29. Whether private sector/local government or NGO's participation is considered? (If yes, describe how they will be involved)
- 30. Major Terms and Conditions of Foreign Financing:
- 31. Involvement of Compensation, Rehabilitation/Resettlement issues (Indicate the magnitude and cost, if applicable:)
- 32. Risk Analysis and Mitigation Measures (Identify risks during implementation & operation):
- 33. Other Important Issues (Technical or others):

Viability Test

➤ **BENEFIT COST RATIO (BCR):**

It is the ratio of project benefit over its investment cost covering the entire life of the project duly discounted with respect to a particular year.

➤ **NET PRESENT VALUE (NPV):**

It is the algebraic summation of a project's Net Costs and Net Benefits measured in accounting values at its present worth.

➤ **INTERNAL RATE OF RETURN (IRR):**

It is the rate by which the project's Costs and Benefits are discounted to produce “**Zero NPV**” or the Benefit Cost ratio (**BCR**) is **One**.

or Otherwise

IRR is the highest interest rate at which the project can sustain to recover its capita including interest and still break even.

Viability Test

- **16.0 FINANCIAL AND ECONOMIC ANALYSES:**

- **16.1 Net present value (npv) (considering 15% discount rate)**

- i. Financial
- ii. Economic

- **16.2 Benefit-cost ratio (bcr) (considering 15% discount rate)**

- i. Financial
- ii. Economic

- **16.3 Internal rate of return (irr) (considering 15% discount rate)**

- i. Financial
- ii. Economic
- - Calculation sheet attached
- - Project financing

Viability Test

- *Net Present Value and Break Even*

- If a project has an NPV of zero, the project earns the normal rate of return (which is, of course, equal to the discount rate). For example, if a project earns 15 per cent per annum and its cash flows are discounted by 15 per cent per annum, the result will be an NPV of zero.

- We value NPV not because it tells us whether the project breaks even, but because it tells us whether it is worth doing the project instead of leaving the money in the normal alternative investment (which earns more than 15% per annum).

Approval Process

Process of Initiating and Approval of Development Projects Processing of development projects (both GOB financed and Aided) for approval involves several steps. At the formation stage, a project may be an idea with preliminary studies of its desirability in terms of national needs, and likely cost and benefits. At the formulation stages, it has to be spelled out in greater details and specific terms in order to enable the decision making bodies to evaluate it and to approve (or postpone or reject) it. Broadly, after formulation of development project proposal by executing agencies, concerned ministries scrutinize the DPPs, and then Sector Divisions of the Planning Commission appraise the DPPs. This is followed by recommendation for approval by the Project Evaluation Committee (PEC).

Approval Process

Then the Minister for Planning or the ECNEC approves the project depending on the size of the project, after which the approved projects are included in ADP for implementation. Like Investment Projects, the approving authority of TA Projects is also determined by the project cost. When the grand total of the Project Aid and the GOB amount is less than or equal to 20 crore taka and the amount of GOB does not exceed the limit of 20 per cent of the total cost, the Minister/the State Minister will approve the project. If one of the above mentioned limits are crossed, the Minister/State Minister of Planning will be entitled as the approving authority.

Steps Involved In Approval Process of Investment Projects

- Generation of Project idea from sectoral Plans /Five Year Plan/ Perspective Plan
- Formulation of DPP by Executing Agencies
- Ministries Scrutinize the DPPs
- Sector Divisions of the Planning Commission Appraise the DPPs
- Project Evaluation Committee (PEC) Recommends for Approval
- Minister for Planning approves Project Costing up to Tk. 50 crore
- ECNEC approves Projects costing over Tk. 50 crore

Approve

Approval Process

Generation of Project idea from sectoral Plans /Five Year Plan/Perspective Plan

Formulation of DPP by Executing Agencies

Ministries **Scrutinize** the DPPs

Sector Divisions of the Planning Commission **Appraise** the DPPs

Project Evaluation Committee (PEC)

Recommends for **Approval**

Minister for Planning **approves** Project(up to 50croreTk)

ECNEC **approves** Projects costing (over 50 crore Tk)

Approved projects included in ADP for implementation

Thank You