



PL-BY-UA
2014-2020

CROSS-BORDER COOPERATION PROGRAMME
POLAND – BELARUS – UKRAINE 2014–2020

GUIDELINES
FOR FEASIBILITY STUDY



The following guidelines outline the minimum requirements for feasibility study. The feasibility study shall be conducted for all infrastructure activities in the project. It is acceptable to prepare separate feasibility studies for each infrastructure component in the project.

1. English summary

This point shall provide a summary of main elements of the feasibility study and its findings. Regardless of whether one feasibility study for all infrastructure activities in the project or separate feasibility studies for each infrastructure component have been prepared, the English abstract shall refer to the whole project.

2. Lead Beneficiary and Partners

- Lead Beneficiary characteristics, information about its legal form and ownership structure.
- Characteristics of each Partner, information on their legal form and ownership structure.
- Presentation of the entity performing the investment, their technical, legal, financial and administrative potential for each of the infrastructure activities/components. Division of tasks between the institutions involved in project implementation.

3. Subject of feasibility study

- Name of the project
- General description of the region relevant to the scope of the investment in which the project will be implemented (basic demographic, economic, financial, social, etc. data)
- Analysis of existing problems and social / environmental needs
- Project objectives (based on the existing problems and needs of a given socio-economic environment analysis, clearly indicating the socio-economic benefits of the project, logically related to each other, have specific baseline and target values with the method of measuring their achievement)
- Analysis of the benefits resulting from the implementation of the project together with the characteristics of target groups
- Consistency with the objectives of the Poland-Belarus-Ukraine Cross-border Cooperation Programme and complementarity with other programmes

4. Description of the project (this part should contain brief and clear information on the overall concept of the project and the logical frameworks)

- Location, availability of investment areas, ownership structure, purchase and compensation costs, consistency of the project with the local spatial development plans, present land use, plans for use of the areas covered by the application resulting from the adopted strategic documents



- Description of existing infrastructure and technical condition (functional and physical links between the project and the existing infrastructure)
- Scope of the project (description of the work by tasks, performed in a logical sequence, description of the technology used). This point should contain a clear description of the activities that will be carried out within the Project. For more complex projects, the individual activities should be grouped into stages.
- Project costs
 - Information on total eligible project costs,
 - Information whether financial contribution of the project project is a public aid,
 - Information whether the project belongs to any category of income generating projects
- Information on the results of the project and its long-term impacts
- Feasibility analysis of the project together with demand and options analysis

Alternative solutions should be provided based on the cost-effectiveness analysis of the investment, along with a zero-option analysis (project abandonment analysis).

- It is the responsibility of the applicant to demonstrate that the chosen project option is the best of the possible alternatives. For this purpose, the applicant shall conduct a feasibility analysis, demand analysis and options analysis (alternative solutions).
- **Feasibility analysis** is to identify possible investment solutions that can be considered i.a. technically, economically, environmentally and institutionally feasible.
- **Demand analysis** identifies and quantifies the social need for the planned investment. It should take into account the demand, both current (based on current data) and forecasted (based on forecasts including i.a. macroeconomic and social indicators). The forecast demand analysis shall be conducted for the scenario with and without investment. Furthermore, this analysis should address current and future resource investment needs, expected infrastructural development and network effect (if it occurs or may occur as a result of investment implementation).
- **Options analysis** is to compare and evaluate the possible investment solutions identified at the feasibility analysis stage. The purpose of this analysis is to determine which of these solutions is the most beneficial. They should be comparable on the basis of number of criteria i.a. technical, institutional, economic and environmental. Options analysis shall be conducted in two stages:
 - **first stage - strategic analysis** - this stage focuses on basic strategic solutions (e.g. it answers the question whether it is better to



modernize the already existing infrastructure or to build a new one). This stage, in principle, is a multi-criterion analysis and based on qualitative criteria.

- **second stage - analysis of technological solutions** - at this stage, it is necessary to analyze individual technological solutions. For this stage, quantitative criteria are usually used.

After conducting feasibility, demand and options analysis, the applicant chooses the solution and presents its justification.

- Institutional analysis of the project
 - Characteristics of considered investment options (organizational and financial capacity of the Applicant to implement the project, characteristics of the institutions involved in project implementation, possible links with external entities)
 - Characteristics of options considered for investment sustainability (organizational and financial capacity of the Applicant to ensure the sustainability of the project for 5 years after implementation, possible solutions for providing access to the infrastructure to third parties)
 - Indication of the most effective institutional solution with justification

5. Environmental impact assessment of the project

- Project compatibility with environmental policies
- Means of implementing the EU Sustainable Development Policy through the project, including, in particular, the preservation of accessibility standards for people with disabilities (i.a. through universal design)
- Contribution of the project to respectation of the prevention principle
- Means of implementation of the rectifying pollution at source, and the 'polluter pays' principles,
- Characteristics of project's impact on the environment during and after its implementation
- Environmental impact assessment (if applicable)
 - Strategic environmental impact assessments, compliance with plans and programmes subject to environmental impact assessments that demonstrate the need to perform the investment
 - Taking into account of the project implementation effects in the forecasts of the impact on the environment of the plans and programmes

6. Plan of project implementation and operation

- Structure of project implementation, compilation and schedule of actions necessary to implement the project, institutional and administrative included,



- Structure and organization chart of the project implementation team
- Proposed scope of contracts, planned contractor selection procedures, schedule of contract procurement and signing
- Implementation schedule and payment plan
- Infrastructure management after the completion of the project
 - Description of organizational and ownership structure after completion of the project
 - Sustainability of the project

7. Project financing

- Sources of project with information on planned contribution from the Programme, in subsequent years
- Ability of the applicant and other entities (if applicable) to provide their own contribution and information on the progress in obtaining external funds together with information on financing conditions.

8. Financial analysis and sustainability analysis. The financial analysis should include at least the following elements:

- definition of assumptions for its realization,
- information whether the project generates revenues and whether it is possible to estimate them in advance,
- presentation of tariff calculations for the goods and services provided by the project,
- calculation of the co-financing level based on the funding gap method or flat-rate income rates for projects from selected sectors and subsectors,
- presentation of the values of financial performance indicators,
- financial sustainability analysis.

9. Socio-economic costs and benefits analysis

Cost-benefit analysis is based on the need to estimate the cost and benefits of the project from the community perspective. The financial analysis is performed from the perspective of the project's beneficiary only.

- Methodology of cost-benefit analysis (economic analysis)
- Analysis of project implementation costs from the community perspective (qualitative and quantitative)
- Analysis of project implementation costs from the community perspective (qualitative and quantitative) including the effects of the project on employment
- Economic analysis (if applicable)
 - Adjustment of project's cash flow



- Fiscal effects
- External effects resulting from external costs and benefits identified from the community's point of view
- Transformation of market prices into settlement prices
- Other adjustments
- Calculation of the economic net present value (ENPV) and internal economic rate of return (ERR)

10. Risk and sensitivity analysis

- Sensitivity analysis (if applicable)
 - Investigated variables and their impact on financial indicators and economic effectiveness of the project and its financial sustainability
 - Summary of variables identified as critical
 - Threshold values for critical variables
- Qualitative risk analysis
 - List of identified risk factors
 - Risk matrix (causes of risk, if any, the relationship with the sensitivity analysis, effects and probability of occurrence, risk level, risk mitigation, residual risk)
 - Interpretation of risk matrix.