



**POLAND - RUSSIA**  
CROSS-BORDER  
COOPERATION PROGRAMME  
2014-2020



PROGRAMME  
IS CO-FINANCED  
BY THE EUROPEAN UNION

## ***Guidelines for feasibility study***

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## ***Guidelines for feasibility study***

The following guidelines outline the minimum requirements for feasibility study.

According to the Article 43 (2c) of the Implementing Regulation No 897/2014, the full application for projects including an infrastructure component of at least 1 million EUR shall contain a full feasibility study.

### **Important!**

The **1 million EUR** threshold applies to an **individual infrastructure component**, not to the sum of components in the project. Thus, only the components of at least 1 million EUR value each, shall be a subject of the full feasibility study.

For the infrastructure component less than 1 million EUR, but higher than 50 000 EUR the brief feasibility study is required and shall be provided in the relevant place of the application form.

There can be a joint feasibility study drawn up for all infrastructure components of at least 1 million EUR or a separate feasibility study for each single infrastructure component of at least 1 million EUR within the project. If the feasibility study is in national language, a summary in English has to be submitted. The feasibility study may be prepared by the applicant / project beneficiary or external expert.

The volume of a feasibility study should not exceed 70 pages, including English summary.

### **1. English summary**

The feasibility study shall contain a summary of its main elements and findings. The summary shall be elaborated in English.

### **2. Project Overview**

#### **2.1. Basic Data**

- Name of the project.
- Lead beneficiary characteristics, information about its legal form and ownership structure.
- Characteristics of each beneficiary, information on their legal form and ownership structure.
- Information on the beneficiaries performing the infrastructure investment: their technical, legal, financial and administrative capacity, division of tasks between the institutions involved in project implementation.

## **2.2. Background and purpose 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 data, etc.).
- Analysis of existing challenges 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-Russia Cross-border Cooperation Programme and complementarity with other programmes.

## **2.3. Scope of the project**

- 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).
- Specification 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 the project intends to generate revenues.
  - Presence of state aid in the project
- Information on the results of the project and its long-term impacts.

## **3. Economic analysis**

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

## ***Guidelines for feasibility study***

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).

### **3.1. Feasibility analysis**

Feasibility analysis is to identify the possible infrastructure investment solutions that can be considered i.a. technically, economically, environmentally and institutionally feasible.

### **3.2. Demand analysis**

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).

### **3.3. Option analysis**

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.

### **3.4. Recommendation of preferred option**

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

## **4. Institutional analysis**

The institutional analysis should include:

- 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 durability 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. Contribution of the project to sustainable development**

### **5.1. Environmental impact assessment**

Project implementation effects and their impact on the environment taking into consideration relevant plans and programmes.

### **5.2. Accessibility of projects and non-discrimination**

A short description of how the projects plans to ensure the accessibility of to be implemented infrastructure investments to all citizens including persons with disabilities.

## **6. Project implementation**

### **6.1. Readiness of infrastructure component(s) for implementation**

- List and description of the developed technical documentation.
- Dates of submission or approval of technical documentation by the authorized institutions.
- List of obtained documents required in accordance with national legislations (e.g. building permission, decisions, permits of the authorized institutions).
- Dates of the issue of the above documents.
- Description of any other preparatory activities undertaken for implementation of investment(s) related to infrastructure component(s) planned in the project.

## **6.2. Plan of project implementation and operation**

- Structure of project implementation, milestones in the project, schedule of actions necessary to implement the project (institutional and administrative included). Gantt Chart should be provided for presentation of the schedule.
- 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.
  - Durability of the project results and outputs.

## **7. Financial analysis**

### **7.1. Project financing**

- Sources of project financing 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.

### **7.2. Financial analysis and durability analysis**

The financial analysis should include at least the following elements:

- Assumptions for its realization.
- Information whether the project generates revenues and whether it is possible to estimate them in advance.
- Information on 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.
- Information on the values of financial performance indicators.
- Financial durability analysis.

## 8. Socio-economic costs and benefits analysis

The cost-benefit analysis is based on the need to estimate the cost and benefits of the project from the community perspective. It should provide a quantitative and qualitative effects (cost-benefit) of project implementation estimation (please specify and describe all relevant environmental, economic and social effects of the project and - if possible - to present them in quantitative categories). In addition, the applicant may refer to the cost-efficiency analysis showing that the implementation of a given investment project is the cheapest option for the society.

## 9. Risk analysis

Please perform risk analysis for the project by:

- **Identification of the risks** – hazards (i.e. human, operational, procedural, financial, technical, natural, and political) for successful project implementation - you need to answer the question: what can happen? (i.e., what can go wrong?).
- **Probability of occurrence** - assessing the likelihood of the identified risks occurrence - you need to answer the question: how likely is it that it will happen? Probability is a number between 0 and 10, with 0 signifying that a situation will never happen, and 10 signifying that it will always occur.
- **Risk impact estimation** - you need to answer the question: if it does happen, what are the consequences?
- **Category ranking** - classify risks into categories that represent their likelihood and impact. You may use high, medium and low.
- **Risk avoiding and managing measures** - you need to answer the question: what can be done to avoid the risks and if they do occur how will they be handled?

## 10. Independent quality review

In case the feasibility study has been performed by the applicants/beneficiaries, its appraisal should be carried out by the external independent experts. The independent expert shall provide review on correctness of the feasibility study and chosen option for implementation of the project and in the independent quality review shall provide confirmation of the independence from the applicant.

In case the feasibility study has been performed by independent experts, additional appraisal is not needed. Authorship of the feasibility study and an independent quality review (if needed) should be clearly stated in the submitted documents.