



Feasibility Study Requirements

Preparing an objective and a well-researched feasibility study can be crucial to the success of the project. The feasibility study should include, but not be limited to:

Executive Summary

The executive summary should outline the description of the project and explain the problem or the opportunity to be covered and analysed. It should describe the technical, socio-economic and environmental merits of the project.

The Country and Sector

The study should provide a complete picture of the country including but not limited to: governance system, relevant legal and regulatory framework, renewable energy policies and incentives, economic laws, strategic plans, economic and social indicators, market regulations...etc.

The Project

The study should provide full information about the project including but not limited to:

- Description, objective, rationale and justification for ADFD financing;
- Outline of phases of the project, data on any other stage, demand analysis;
- Identification of risks and risk mitigation measures;
- Implementation and construction plans; and
- Information on land ownership, any expropriation plans, access to the project site etc.

The Cost Estimates

The study should detail the cost estimates of the project. Detailed breakdown for the major components should be provided. The cost estimate should include the capital cost and the operation and maintenance cost of the project.

Economic and/or Financial Assessment (depending on relevance to the project)

The purpose of **economic analysis** is to demonstrate that the project is in accordance with the country's development priorities so that there is an economic rationale for concessional funding by ADFD, and for the national government to guarantee the sought ADFD funding, and that the selected project represents the least-cost option among all the feasible alternatives for achieving the intended project benefits.



The economic analysis should determine the expected economic performance for the suggested project, and should assess the sensitivity of the performance and benefits to the variation in the inputs and outputs assumptions using the generally accepted measures such as EIRR, and NPV.

The broad steps in an economic analysis include:

- Identify all relevant project benefits and costs
- Quantify and value the benefits and costs;
- Adjust the costs and benefits to reflect their economic values; and
- Compare gross economic benefits with economic costs, calculate EIRR and ENPV.

The objective of the **financial analysis** is to evaluate the viability and the impact of the project from a financial aspect (IRR can be used) for the project sponsor, in addition to providing information about the operations, funding strategy, and the financing structure (preferably with no financing gap).

Social and Environmental Assessment

- The Social Assessment should take into consideration the project effects on the population in its area, and how it can add to the standards of living of the people. For example, this can be undertaken on a gender basis, to identify the additional costs and benefits to women in particular.
- The Environmental Assessment should cover the likely effects of the project on the environment (positively and negatively) and the mitigation taken to address the environmental issues.

Annexes

Annexes are required whenever needed (maps, statistics, etc.)