17.26 Moreover, for a small amount of effort, even rough-and-ready forms of risk analysis are likely to improve the quality of decision making considerably.

18. THE FEASIBILITY STUDY REPORT

18.1 Decisions must be made at various stages throughout the project cycle. The early decisions on a project, however apparently innocuous have a disproportionate effect on the final shape of the scheme. At each stage, careful preparation and presentation are necessary to reveal and justify decisions taken or recommendations made. The feasibility study report marks the end of the appraisal process and should recommend whether the project should go ahead, and to what standards it should be built. The report may wish to recommend alternative designs or approaches to the project that would increase the rate of return in those areas where the original project is not viable.

18.2 In addition to these decisions about the nature of the project, the way in which the project is presented can be important for future projects of a similar kind, and for the future monitoring and evaluation of the project. It can, for instance, through scenario or sensitivity analysis, show the crucial factors which will make or break the project. These can give important signals to those concerned with checking the progress and reviewing the results of the project in the future.

18.3 Once the need for a project, and its objectives, have been identified, the extent of further investigation will depend on a number of considerations. The political, managerial, economic, technical and financial aspects need to be covered adequately in every case, but depending on who the report is being written for, some aspects have to be covered in greater depth than others.

18.4 Where reports are prepared for aid donors, each will have its own different requirements. An analysis carried out for a development bank will have to cover financial aspects very thoroughly. Projects prepared for aid agencies normally dwell heavily on socio-economic factors. The World Bank, for instance, has a highly formal, elaborate and thorough process of approving projects through its executive board, necessitating extremely careful and comprehensive preparation. The British Overseas Development Administration, likewise, imposes on itself a well-defined and rigorous procedure for approving large aid projects. Other development banks may have simpler procedures requiring briefer preparation, relying more on their judgement of the calibre of associated institutions, partners, or sponsors.

18.5 The team assigned to prepare the project should normally contain a range of professionals such as engineers, transport planners and economists. Sector specialists can be added where the size and complexity of
the project require, such as agronomists, engineering geologists, environmental specialists, etc. Where, as is often necessary, members of the project team are from an international consultant, the local government should participate as fully as possible in the investigations, and this normally requires the allocation of local professional staff to the project team. The finance and planning ministries should be made fully aware of progress and recommendations, although the promoting ministry should take responsibility for the detailed professional work.

**PRESENTATION**

18.6 The particular approval procedure to be used affects the way in which the project is presented. Some agencies insist on standardised presentations with bulky supporting documentation, while others prefer shorter and more sharply focused reports.

18.7 Whatever the nature of the approving body, there must be an assumption that the majority of the people who have to take the decision are non-specialists and busy. This argues for a clear and simple document with the accent on objectivity and brevity, and containing the more detailed discussion of technical and specialist aspects as annexes to the main document. It should contain a summary and conclusions. A map of the project location is usually essential, together with other visual aids like diagrams and bar charts. Where values are expressed in foreign currency, a conversion rate into local currency should be included.

18.8 In principle, the paper should be in a form that can be made available to other parties involved such as a foreign government providing the loan or aid, the local authority that will have to implement the work, etc. To this end, the document could be divided into two sections, one that can be distributed and the other containing information and views meant for the approval body only.

18.9 It is helpful if the submission clearly draws out the effects of the project on different parties who may be affected and on the wider economy of the country. Benefits and costs should be shown individually and the appraisal methodology used should be indicated. Likewise, the economic discussion should include scenario analysis, or sensitivity and risk analysis, in order to accentuate the most important factors governing the success or failure of the project. This analysis should be consistent with government policies of pricing, tariffs, procurement, incomes policies, etc, where they are likely to have influence on the outcome of the project.

18.10 One possible approach for presenting the feasibility study report is to follow the general order of topics as in this Note:

1. **Summary and conclusions**
2. **Brief description of project**
   - Objectives
   - Project type
   - Main features
3. **Preliminary considerations**
   - History and background to the project
   - Political factors
   - Method of project execution and technology to be used
   - Managerial, administrative and maintenance capability for implementation
4. **Assessment of demand**
   - Consideration of alternative routes, standards, modes
   - Current traffic levels and forecast growth
   - Diverted and generated traffic
5. **Determining costs**
   - Geotechnical considerations
   - Design and costs of:
     - pavement alignment (earthworks)
     - drainage and structures
6. **Assessment of benefits**
   - Vehicle operating cost savings
   - Road maintenance benefits
   - Time savings
   - Reduction in road accidents
   - Economic development
7. **Economic analysis**
   - Cost-benefit analysis
   - Analysis of uncertainty
8. **Financial aspects**
   - Costs of construction
   - Inflation, contingencies and arrangements for cost overruns
   - Operation and revenues
   - Foreign exchange implications and exchange rate assumptions
   - Sources of funds: capital and recurrent
9. **Other aspects**
   - Environmental impact statement
   - Social consequences, etc
10. **Implementation**
    - Responsibility for implementation
    - Arrangements for construction
    - Maintenance
11. **Plans for monitoring and evaluation**
12. Annexes (these must be 'keyed in' to the main text, otherwise they may be ignored).

18.11 The conclusions in the project report should ensure that the following aspects of the project have been considered and are reflected in the final recommendations:

- the options investigated have been selected from the full range available
- the results for each option are presented as a range of values in terms of NPV, etc
- the main assumptions and sensitivity of the result to them are clearly identified
- the result may need to be interpreted, not in terms of profit, but as cost savings or benefits which are available for alternative use.

19. CHECKLIST OF KEY POINTS

19.1 This checklist is designed to assist those submitting or appraising project reports to check quickly whether all of the key issues have been included. References are given to the paragraphs where items can be followed up in the main text.

OBJECTIVES

19.2 What are the project's objectives (1.53-54)?

19.3 What is the nature of the project: new construction, upgrading (1.35-37), reconstruction rehabilitation (1.33-43), stage construction (1.44-45), road maintenance (1.46-51, 2.22-34), bridge construction (8.17-51)?

19.4 What stage of the project cycle has been reached (1.4-18)?

BACKGROUND

19.5 What alternatives to the project have been considered in terms of mode, route, standard, timing (1.26-34, 1.53-54, Sections 5-8, 15.25-27)?

19.6 Has the project been set against the background of a transport sector or road plan (1.53)?

19.7 What are the relevant features of terrain, relief, climate, vegetation, drainage, soils, rock, etc (5.4-19)?

19.8 What are the major economic activities (3.1-3, 3.14-26, Sections 9-14)?

19.9 How does the project complement the existing network (1.52)?

19.10 Have socio-economic considerations been taken into account (2.35-40)?

19.11 Have environmental considerations been taken into account (2.41-62)?

INSTITUTIONAL AND MANAGERIAL ASPECTS

19.12 Is the institutional framework conducive to the success of the project (2.16-17)?

19.13 Is there a project component for improving institutional development (2.18-21)?

19.14 What is the roads organisation's capability for carrying out maintenance (2.22-34)?

19.15 What form of contract will be used and will there be a supervising consultant (4.67-72)?