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Projekat finansira Evropska unija

Municipal Infrastructure Support Programme

●●● Building together for the future

Program podrške razvoju infrastrukture lokalne samouprave

●●● Gradimo zajedno za budućnost





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Feasibility Study

Jean Claude Ah Man
September 16 -17th, 2011



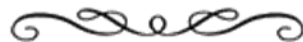
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Purpose of Feasibility Study

- **Identify flexible scope of the works**
- **Identify potential funding**
- **Align project scope with funding**
- **Complete financial and economic analysis**
- **Highlight all potential issues and offer solutions**
- **Propose next steps towards implementation**





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Feasibility Study Topics

- **Legal framework**
- **Institutional setup**
- **Social conditions**
- **Technical evaluation**
- **Financial analysis**
- **Economic analysis**
- **Environmental Impact Assessment**



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Legal Framework

- **Status of project documentation (organizing & financing, reviewing, adopting)**
- **Ownership of project, must be of municipal competences to be in MISP programme, can be national under other programmes**
- **Land ownership**
- **Many other issues such as design conditions**



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Institutional Setup

- Arrangement for preparation of project documentation, Working group/ Project PIU/ Central PMU/ CFCU)
- Alignment with decentralised implementation system (DIS)
- Arrangement for operation and maintenance on completion of project as allowed by the Law
- Other issues such as creation of new entities, reorganization, delegation of responsibilities, contract between parties, intermunicipal agreements



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Social Conditions

- **Evaluation of impact on society & mitigation measures**
- **Affordability of the investments**
- **Ability and willingness to pay for services**
- **Availability of labour of the required calibre**
- **Other issues such as subsidies, relocation, social surveys**



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Technical Evaluation

- **Spatial plan, general urban plan & regulation plan**
- **Least cost project i.e. alternatives have to be evaluated preferably in earlier plans**
- **Project scope should be sufficiently flexible to allow multiple investors and phasing over time**
- **Design conditions in accordance with the Law and to be issued by the relevant authorities**
- **Other issues such as operation & maintenance arrangement**



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Financial Analysis

- **Cost effectiveness of the project i.e. value for money**
- **Identification of funds**
- **Financial analysis for revenue generating projects (Grants are conditional and provided only if projects are not financially feasible without grants)**
- **Other issued such as cashflows, borrowings, gap analysis calculation**



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Economic Analysis (CBA)

- Financial analysis + non financial cost and benefits.
- Economic internal rate of return must be at least 5.5% or thereabout
- Economic benefit evaluated at country level
- Some benefits are not tangible and therefore not measurable
- EU Manual of CBA 2008



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Environmental Impact Assessment

Generating information

- Required by Law for most projects
- Can take a long time at least 9 months as prescribed in the Law
- EU requirements are actually less constraining



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QUESTIONS

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Thank you for your attention!