

Guidelines for conducting feasibility studies

Funding title "Promotion of development-oriented projects of private German executing agencies" (PT) of the Federal Ministry for Economic Cooperation and Development (BMZ)

This guide serves as an orientation aid for the implementation of feasibility studies, which are commissioned prior to project implementation in accordance with the funding guidelines of the Private Sponsors (PT) title.

The aim of feasibility studies is to provide the private German executing agency and the local project partners with a sound **basis for improving the project concept** by clarifying the prerequisites, opportunities and risks and providing information on possible optimization.

In particular, this involves an assessment of the feasibility of a project and a systematic review of the extent to which the project approach can plausibly achieve the planned changes under the existing framework conditions. **Joint learning** from the knowledge gained increases the effectiveness of the project and bad investments are avoided at an early stage.

The feasibility study should be carried out depending on the actual need for knowledge and should take appropriate account of existing studies, such as external evaluations. This can be done by focusing the study on open questions or, after consultation with bengo, by recognizing existing studies as a partial or complete replacement for a feasibility study.

1. Formal criteria for feasibility studies

- **Feasibility studies must always be carried out before submitting an application for funding of EUR 500,000 or more.** In justified individual cases, Engagement Global/ bengo or the BMZ may request a feasibility study even if the volume of the funding application is less than EUR 500,000.
- According to the underlying funding guidelines, the expenses for all studies by independent experts in advance may not exceed 10% of the planned project funding. However, the costs should be appropriate to the scope and complexity of the project. The **costs can be taken into account as eligible expenditure in the financing plan** and subsidized from the grant once the project has been approved. The study may be invoiced up to 12 months before the application is submitted.
- The prescribed award procedure must be followed when commissioning the study (see point 3 of the BNBest-P/Private sponsors funding guidelines).
- The implementation must **always be carried out by independent experts.**
- A report on the study must be submitted to bengo with the application. It should generally not exceed 30 pages.
- In addition, the private sponsor must include a German summary with the key messages. If the report is not written in a common language (English, French, Spanish), a complete translation is required.
- The findings of the study must be incorporated into the project concept developed together with the local sponsor. The recommendations should be evaluated as part of the project planning and included

at the appropriate points in the application. Information on the selection of experts, the implementation and services provided, including data and results of the study, must be submitted on request.

- If the study does not meet the requirements for quality or independence, it cannot be recognized.

2. Tendering and management of feasibility studies

- **Specification of the expected services and resources as well as the schedule:** Listing and explanation of the products, services and activities (e.g. in tabular form) to be provided by the contractor, including time frame and billing modalities.
- **Description of the requirements profile of the independent expert:** professional, organizational, methodological and regional expertise; description of the independence, composition, roles and tasks of all parties involved.
- **Provision of preparatory documents:** national strategy/policy papers, background papers, literature references, documents from previous projects, methodological guidelines if applicable, structuring points (see section 4), previous elaborations/plans/project and application outlines and others.

3. Content criteria for feasibility studies

- The study should present the context of the planned project at **all relevant levels** (micro, meso, macro) and also include essential, project-relevant data on the initial situation.
- Based on this, it should be analyzed to what extent the chosen approach can contribute to solving the problems of the target groups and other stakeholders. Furthermore, the project should be critically evaluated with regard to the OECD DAC¹ criteria of relevance, coherence, effectiveness, efficiency, impact and sustainability (see point 5).
- Furthermore, **recommendations for adjustments to the specific project concept, including the impact matrix and measures**, should be formulated as concretely as possible. The actors and stakeholders to be involved, proposals for fields of observation for measuring results and impact as well as opportunities and risks must be taken into account.

4. Structure of the study and guidelines

The following key questions serve as orientation for the content design of the study. They are to be understood as a collection from which the questions relevant to data collection, data analysis and data evaluation for the specific study can be prioritized.

4.1 Purpose and use of the feasibility study

- Which project objective (outcome) should be checked for feasibility? How coherent are the interdependencies (sector, components, project regions) with regard to this project objective?
- What additional questions about the project concept and implementation of the application should be answered with the feasibility study?
- How does the feasibility study fit into the project planning in terms of shared learning?

4.2 Methodology

- What participatory methods, tools and resources are used to collect and analyze data?

¹ Organization for Economic Cooperation and Development and its Development Assistance Committee

- Which and how many actors with which backgrounds and interests are involved?

4.3 Initial situation and problem analysis at macro, meso and micro level

- Which current problems in the life situations of the target groups have been identified and are relevant to the project design? Which of the causes are prioritized and addressed in the project?
- What local potential, existing structures (institutions, networks, umbrella organizations and others) and social mechanisms can be built on? What gaps in the system have been identified?
- Are there any approaches and results from previous development measures? If so, how are they being built on?
- What other framework conditions, such as conflict dynamics, need to be taken into account in the context of the planned project?

4.4 Local project executing agency in the partner country

- Which organization(s) was (were) selected as the local project sponsor(s) and why? Who came up with the project idea? How is the ownership of the local project executing organization strengthened?
- To what extent are existing agreements between actors formalized? Are there formal agreements between actors?
- Are the resources and strengths of the partners known individually and at organizational level?
- Which relevant professional, methodological and political skills should be developed individually and at an organizational level?

4.5 Target groups and other stakeholders (at micro, meso and macro level)

- How and by whom are the direct target groups selected and on the basis of what criteria?
- What is the composition of the respective target groups? How homogeneous or heterogeneous are the target groups in terms of factors such as gender, ethnicity, age, sexual orientation, language, capacities and to what extent must the project take this into account?
- What self-help potential do the respective target groups have? How can local problem-solving capacities be strengthened?
- Do the target groups and other stakeholders have a common understanding of the problems, prioritization and objectives of the project? Are there convergences or conflicts of interest between other stakeholders?
- How strong is the support, for example in the form of the various stakeholders' own contribution to the project? How much influence do they have on the project?

5. Evaluation of the planned project according to OECD DAC criteria²

The guiding questions on the criteria serve as orientation for the content design of the study. They are to be understood as a collection from which the relevant questions can be prioritized. This allows the criteria to be weighted differently according to the study's interest in knowledge.

Relevance - To what extent is the planned project doing the right thing?

- Does the planned project approach address an important development problem or a critical development bottleneck in the partner country or project region?

² Detailed information on the evaluation criteria can be found at <https://web-archive.oecd.org/temp/2024-05-13/81829-daccriteriaforevaluatingdevelopmentassistance.htm>

- Are the focus, priorities and objectives (approach) of the planned project coordinated with the target groups and clearly defined?
- To what extent do the intervention objectives and design adequately take into account the specific needs of the target groups and structural obstacles in the project region, the partner/institution, the political programs?
- Are the norms and standards of the approach compatible with those of the target groups?
- Is the project designed to be conflict-sensitive (do-no-harm principle)?

Coherence - How well does the intervention fit?

- How coherent are the planned activities with human rights principles (inclusion, participation), conventions and relevant standards/guidelines?
- To what extent are there synergies and connections between the planned project and other interventions by the same actor (organization) and other actors?
- What similarities or overlaps are there between the target groups and the projects of other actors in the same context? To what extent does the intervention create added value and is duplication of work avoided?

Effectiveness - Which project approach is best suited to achieving the objectives?

- Are the causal relationships (including assumptions) plausible? What negative effects could occur?
- Is the chosen methodological approach adapted to the context and sufficient to achieve the project objective? Are alternatives necessary?
- At what level (multi-level approach) should additional measures be taken to increase effectiveness?
- How are changes measured? Which indicators (fields) are better suited for this?

Efficiency - Does the planned use of funds by the planned project appear economical in relation to the achievement of objectives?

- To what extent can the planned measures be implemented with the planned resources and staffing levels within the planned duration?
- To what extent is the planned expenditure used economically and are the investments, operating expenses and personnel in proportion to the intended objectives?

Impact (significance) - To what extent does the planned project contribute to achieving overarching developmental impact?

- What particular contribution does the project objective (outcome) make to the overall objective (impact)?
- To what extent is the planned project structure-building, exemplary and broadly effective? At what levels are norms or structures changed?

Sustainability - To what extent will the positive effects (without further external funding) continue after the end of the project?

- How can the sustainability of results and impacts be ensured and strengthened (structurally, economically, socially, ecologically)?
- What long-term capacities are being built up in the target group in order to be able to continue the implemented measures independently?

- What positive changes (role behavior, mechanisms, networks and others) benefit civil society in the long term?
- Which personal risks for the implementers, institutional and contextual risks influence sustainability and how can they be minimized?

5.1 Recommendations

On the basis of the key findings on topics 3 to 5 and the evaluation according to the DAC criteria, what **concrete proposals** can be made or incorporated into the project concept in the specific context? Examples:

- Which components may be missing from the project concept in order to make the interdependencies more coherent and to achieve the planned objectives in the long term? Which planned components are not suitable or may have negative effects and for what reasons?
- Which assumptions of the cause-effect relationships are viable?
- Which findings and project-relevant data from the study are suitable for inclusion in the project logic (impact matrix of the project proposal)? What recommendations are there for possible indicators for impact monitoring and data collection?