



A practical guide to feasibility studies: Supporting partner governments in low- and middle-income countries



This guide sets out a practical sequence for designing and implementing feasibility studies for infrastructure projects that can be adapted to country-specific contexts. The structure and advice draw directly on what has worked well, and what has proved challenging, in the Green Cities, Infrastructure and Energy Programme (GCIEP) which has aimed to mobilise finance while strengthening project delivery systems, sector policies and the institutional capacity of partner government entities. Evidence is drawn from GCIEP's experience of feasibility studies in low- and middle-income countries including Ghana, Indonesia and the Philippines.

While this guidance breaks down the process into manageable steps that include political economy analysis and working in partnership with governments, achieving sustained political buy-in is central to the success of an infrastructure project.

1. Review national development, political, and fiscal priorities

Feasibility work should be informed by the country's overall development trajectory. National development strategies, medium-term expenditure frameworks and similar documents

describe a government's overarching geopolitical and socio-economic objectives, which will indicate at least some sector-specific priorities.

Political considerations include the extent of ownership across government, the project's alignment with manifesto commitments and sector strategies, and whether it features on informal shortlists that often shape borrowing and grant allocation decisions. Fiscal considerations include available budgetary space, debt sustainability assessments, and relevant IMF or other programme constraints that may limit new borrowing or shape preferences for grants, guarantees or blending of instruments. The recommendations arising from a study are more likely to be accepted

and adopted if there is high-level political ownership of the study rationale.

Teams should review these national documents, noting that some may be outdated, and confirm with central agencies (for example, planning or economic development ministries, or units in the Prime Minister's Office) and the Ministry of Finance how current priorities and fiscal strategies are to be interpreted. **This step clarifies the relative importance of the sector to be studied within the framework of national priorities, identifies potential interdependencies between sectors, and frames realistic expectations for public and concessional finance.**

2. Determine the general objective of the feasibility study within sector

Once the national context is understood, attention should turn to the sector for which feasibility support is being considered. Engagement at this stage should focus on the mandates of the relevant line ministry and, where appropriate, utilities and regulators, and their most up-to-date sector strategies, investment plans and regulatory frameworks as the primary reference points. These sector documents should be checked for alignment with the national development strategies and for consistency with the fiscal constraints and opportunities identified earlier. **Feasibility work is more likely to gain traction when there is clarity on mandates and when responsibilities for policy, regulation, implementation and future asset management are understood and, where possible, confirmed in writing.** Where these conditions are not in place, it may be more appropriate to address institutional arrangements before or alongside feasibility work, rather than treating them as an afterthought. The current and potential roles of the private sector should also be considered at this stage.

A feasibility study may be expected to do more than confirm that a single project can attract finance. **It could be required to assess the options for addressing a clearly defined sector need, narrow these down to a preferred option, identify the main technical, social, environmental, climate and regulatory risks, and demonstrate the societal benefits and the economic and financial viability of the proposed project or programme.** In some cases, new or revised legislation or regulation may need to be addressed to enable a preferred solution, for instance where existing legislation precludes participation of the private sector. In such situations, the feasibility study should identify the implications and point towards reforms that would be required.

Discussions with stakeholders may also reveal that a broader feasibility assessment is more appropriate

than a single-project focus. For example, a ministry may need to consider financing options for a wider programme, which would warrant a sector-level approach and further dialogue with the ministry of finance and potential external partners.

3. Agree on the specific objective of the feasibility study

With the sectoral needs and priorities understood, and the general objective defined, the rationale for commissioning feasibility work on a specific intervention can be articulated. For example, the general objective might be to improve sector performance. The specific objective would define what aspect of performance is to be improved. The specific objective will guide the scope, level of detail, realistic timelines, and required resources (areas of sectoral, thematic and expertise, size of study team, specialist equipment, etc.) for the study. The team will be considerably strengthened by including local experts with a strong understanding of the context.

There should be a clear developmental link between the proposed study (specific objective) and the sectoral and national priorities identified earlier, including geographical and thematic focus, and should ideally be consistent with recognised national, sectoral or city plans. Where the intention of the study is to secure funding for a specific sector, or a specific project, this should be reflected in the specific objective. Project finance expertise should be a core role in the study team, and the finance parameters and opportunities should be considered at the outset, rather than at the end of the study.

4. Decide on the scope and extent of study

Where the context is relatively stable, underlying data can be accessed and there is an indication of the source of funding, a full feasibility study is usually justified. The study should cover demand and options analysis, engineering design at an appropriate level of detail to derive indicative project costs,

financial and economic appraisal, assessment of social, environmental and climate impacts and risks, and consideration of legal and regulatory parameters.

Where data gaps are significant or where political and fiscal conditions remain uncertain, it will be more appropriate to undertake a pre-feasibility study. **Pre-feasibility work should focus on confirming the relevance and priority of the intervention, narrowing options, testing initial assumptions and identifying information gaps and conditions that would need to be addressed before full feasibility work proceeds.**

In both cases, the scope should be defined by the specific objective and a study outcome that will provide for credible and well-informed decisions, rather than by available budget or short reporting deadlines. Adequate time should be given for the agreed scope and extent of study (pre-feasibility or full feasibility) and the related scope and budget, managing expectations where needed.

The difference between pre-feasibility and feasibility studies

A pre-feasibility (PFS) screens options and identifies the most promising concept, while a feasibility study (FS) provides a detailed, investment grade confirmation of whether a project should proceed. Scope and budget varies greatly between a lighter-touch PFS and a much more robust FS.

Inadequate time and resources may result in weaker analyses and compromise the quality of study findings and recommendations. The scope of the study will also determine the client counterparts and stakeholders. During this process it is crucial to assess political economy and transparency risks related to proposed projects, avoiding elite capture and pet projects that lack sufficient benefits in terms of inclusive economic growth.



After the first five stages, the feasibility study should be anchored in national and sector priorities, with a clearly defined purpose that is explicitly linked to government strategies and realistic fiscal parameters. At this point there should be agreement on whether a pre-feasibility or full feasibility study is appropriate, with a scoped level of effort that matches available time, data and resources. The Terms of Reference should translate these choices into a focused, practical mandate that sets out the core questions to be answered, the options to be compared and how technical, climate, nature and social inclusion issues will be addressed.

Figure 1: Design of feasibility studies

5. Shape the Terms of Reference to address the specific objective and scope

Terms of Reference (ToR) should be drafted to reflect the agreed objectives and study parameters. Experience indicates that clear, practical ToR are essential to delivering studies that achieve their purpose and produce outputs that are technically robust and usable by governments and financiers. The ToR should be structured to clearly guide the study output: the context and specific objective; the range and nature of options to be compared; how climate, nature and social inclusion are to be integrated; what evidence and analysis financiers will need to assess bankability and risk; and how the findings will be presented to inform government decision-making and funding discussions. Practical provisions include specifying the required transparency and adaptability of financial models, the climate risk assessment methods to be used (for example, approaches recognised by key funders), and expectations for social analysis, including stakeholder mapping and consultation with vulnerable groups and indigenous communities where relevant.

6. Undertaking the study with a lead government entity

In parallel with technical design, it is important to clarify which institutions will lead, oversee, approve and implement the findings of the study. This

includes identifying the partner government entities responsible for policy and regulation, those that would commission and manage project, and those that would finance, operate and maintain the infrastructure or service, including where utilities rely on consumer tariffs.

The study should support the lead government entity to act as an informed client. In practice, this involves working with counterparts to understand the project preparation cycle, typical durations and decision points, and to agree who approves key documents and changes. Where utilities or ministries have strong technical staff, they should be encouraged to lead or co-lead parts of the data collection and analysis, with advisory support from consultants; this approach has been used by GCIEP in power sector work, where national engineers led pre-feasibility work with targeted inputs.

Where government counterpart capacity is more limited, the emphasis may be on reviewing and interpreting outputs prepared by third parties, ensuring that the study report is a relevant tool for discussions with financiers and other stakeholders. **Across GCIEP settings, a consistent lesson is that political leaders should be engaged on strategic choices and trade-offs, while day-to-day technical work is anchored at director or technical team level so that studies can focus on identifying the most appropriate practical solutions and funding options, while ensuring high-level ownership of the study recommendations and next steps.**

7. Integrate finance from the study outset

Where the study objective is to secure financing for a certain project, these considerations must be incorporated at the start of the feasibility process rather than being addressed only after the technical work has been completed. Such studies are most effective when financing is treated as a distinct workstream with its own tasks, milestones and stakeholder engagement plan. The operational parameters of potential funding agencies — whether national budget processes, MDB frameworks, DFI mandates, private investor return expectations or philanthropic criteria — have direct implications for the design and implementation viability of a project.

In Ghana and Zambia, for example, GCIEP teams have involved multilateral and bilateral funders early on a non-binding basis to test their appetite for different financing structures, understand constraints and gather feedback on emerging designs. The financial case presented to government should be based on what is most appropriate for the project, sector and country context, not solely on the preferences of a single potential funder, thus making clear that governments remain free to pursue other funding options. This approach has reduced the risk of producing technically sound studies that later need substantial re-working to meet funder requirements. Analyses should highlight trade-offs between different financing structures, including implications for tariffs, public debt, risk allocation and long-term sustainability, so that government counterparts can make informed choices.

8. Integrate technical, climate and gender & inclusion analyses

Technical, climate and gender equality, disability and social inclusion (GEDSI) considerations and workstreams should progress in an integrated manner. Decision-makers pay greater attention to these elements when they are considered as part of a single project rationale and viability assessment rather than as separate or purely compliance exercises. Early integration of these factors can generally make a project more attractive to financiers.

GCIEP's experiences have been that for transport, water, waste management and energy projects, in particular, moving beyond standard design approaches has proved valuable. This has included using appropriate climate projections; testing nature-based solutions where suitable; assessing lifecycle costs rather than just capital expenditure; and considering

operational resilience under different climate and demand scenarios.

In urban projects, incorporating requirements such as barrier-free access, safety for women and girls and provision for persons with disabilities into early design options has improved both technical design and stakeholder acceptance. For water projects on ancestral lands, experience from the Philippines has demonstrated the need to engage with affected communities, respect land rights processes and take account of local knowledge from the outset, even when proposed construction methods are minimally invasive.

9. Manage delivery adaptability and transparency

During implementation, feasibility studies often need to adjust to changing circumstances such as shifts in political leadership, new

data or evolving government priorities. Formal mechanisms for change control, regular check-ins with government counterparts and clear documentation of agreed adjustments are important for maintaining trust and quality. Where timetables have proved too short for full feasibility work, GCIEP's experience indicates that it is better to agree a narrower but deeper scope without compromising on quality, or to complete a well-structured pre-feasibility study and plan a follow-on phase. These approaches have produced more meaningful results than persisting with an overly ambitious full feasibility study whose findings may be open to challenge. In more complex environments, written agreements on roles and expectations, together with consistent communication channels, have helped maintain momentum even when individual counterparts change posts during the study period.



10. Prepare for handover, client engagement and follow-on

The final phase of feasibility work should focus on how findings and recommendations will be communicated and taken forward. A structured handover to the client and other key stakeholders is as important as the study recommendations. Study reports should include a clear executive summary that reiterates the agreed purpose, summarises methods and data sources, sets out the main findings and recommendations, and highlights any conditions or assumptions that are critical for implementation. Presentations of findings, covering both technical and financial aspects, should be planned with the lead government entity and delivered to the ministries, regulators and potential financiers who will need to act on the recommendations. Supporting materials, such as shorter briefing notes, slide decks and talking points, can help counterparts use the study in their own internal and external discussions.

Client engagement should not be limited to the end of the study. The study approach, data

sources, analytical methods, emerging findings and potential recommendations should be discussed on an ongoing basis, reducing the risk of major revisions at a late stage or rejection of key conclusions. A useful principle is that the final report should not contain surprises for the client.

Finally, **feasibility reports should make it clear what must happen next, by whom and over what timeframe.** A short “next steps” section at the end of the main report, with sequenced actions and priorities clearly set out, can assist governments and partners in planning follow-on work. GCIEP teams have found it helpful to discuss early what further support may be required – for example, transaction advisory services, detailed engineering design, regulatory reform or targeted capacity building – and to indicate appropriate options even where these may fall beyond the current programme phase. This has helped manage expectations and increased the likelihood that feasibility work leads to well-designed, inclusive and climate-resilient investments.

Conclusion

Overall, GCIEP’s support to partner governments on feasibility studies has demonstrated great value in progressing infrastructure projects towards viable financing.

Four key principles should guide the processes set out above:

- Feasibility study work should be rooted in the bigger picture of reform;
- Feasibility study work requires high levels of political buy-in;
- Design principles, including climate, environment and nature and GEDSI considerations, need to be integrated from the outset; and
- Stakeholders should be carefully managed throughout the process, enabled by sufficient dedicated resources.

The lead institutions, decision-makers and financiers should have clearly defined roles, with a dedicated financing workstream in place and an agreed pathway for testing realistic funding options and trade-offs.

The study should present a coherent set of options whose technical, climate and social implications are assessed together, giving decision-makers a single, evidence-based view of overall project viability and impacts.

The feasibility process should have agreed mechanisms to adjust scope, timelines and methods in response to new information or shifting priorities, whilst maintaining quality, transparency and stakeholder confidence.

The findings and recommendations should be packaged into clear, usable products, with counterparts confident in how to use the study in discussions with ministries, regulators and financiers and with immediate next steps clearly documented.

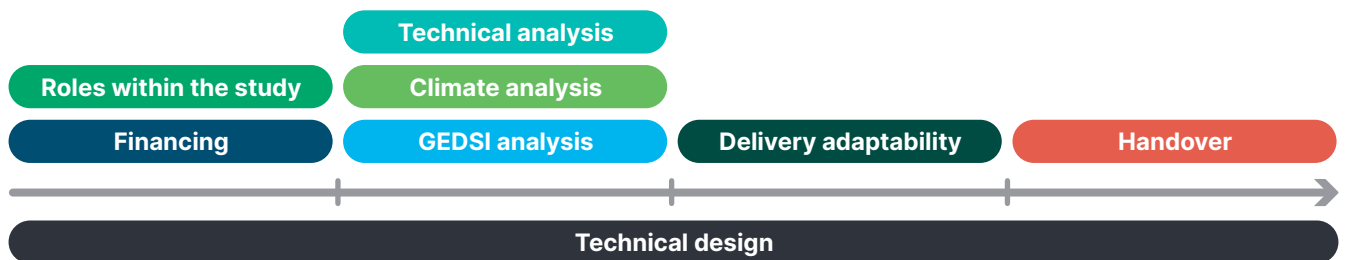


Figure 2: Implementation of feasibility studies

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