



2. Standard format Terms of Reference for a Pre-feasibility Study

A pre-feasibility study is required in the Identification phase of the project cycle to ensure all problems are identified, alternative solutions are appraised and the preferred solution meets the sustainability criteria. The pre-feasibility study should determine whether the proposed water resources intervention is well founded and likely to fulfill the needs of the productive and social sectors.

Guide for preparing Terms of Reference

This standard format is for use in preparing Terms of Reference for a pre-feasibility study in water related projects and programmes. It is based on the logical framework and provides an outline of the approach and issues for study. For more information and understanding of the issues, see Chapter 7 (Identification).

Use this standard format to prepare the detailed Terms of Reference for pre-feasibility studies, in each case filling in and describing the specific requirements. The text in shaded boxes will assist in identifying the individual requirements for the study. It should be stressed that clear formulation will help ensure that all relevant issues are considered, thus enabling informed decision making.

A water resources country study was carried out during the Programming phase to ensure at an early stage in the Project Cycle that the programming of EC support is based on a realistic assessment of a country's national problems, opportunities, priorities and constraints. It complemented and deepened the initial assessment which was made by using the checklists presented in Chapter 6 (Programming).

Comments on the findings of the study, decisions taken and the report are attached to the Terms of Reference. The pre-feasibility study ensures that, for a proposed water resources intervention, all problems are identified, alternative solutions are appraised and the preferred solution meets the sustainability criteria. The pre-feasibility study should determine whether the proposed project or programme is well founded and likely to become economically, socially and environmentally sustainable.



A. Study background

The European Commission (EC) has declared its willingness to provide water resources development co-operation in [.....] region of the country, as a means to develop the economic, social and environmental potential of this region. This is reflected in (i) [....., e.g. co-operation agreement, National/Regional Indicative Programme (NIP/RIP)] and signed by the Government of [.....] and the EC in [...../.....], or (ii) in response to a project proposal presented by [..... NGO or other institution] to the EC.

The EC has received a request from [....., e.g. the National Authorising Officer, NGO or institution] to [describe the proposed water resources intervention].

A pre-feasibility study is required in the Identification phase of the Project Cycle to ensure all problems are identified, alternative solutions are appraised and the preferred solution meets the sustainability criteria.

This section should contain further detailed information or reference to relevant documents such as studies and evaluation reports.

B. Study objectives

The study will provide the decision maker in the [.....] Government and the European Commission with sufficient information to justify acceptance, modification or rejection of the proposed [water resources intervention] for further formulation.

C. Study results

The study will deliver the following:

- An analysis of the role of the proposed [water resources sector intervention] in the economic, social and environmental development of [..... country];
- An analysis of the relevance of the proposed [water resources intervention] and identification of possible options to address the existing economic, social and environmental problems;
- An assessment of the feasibility of the proposed [water resources intervention] with regard to technical, economic and financial, institutional and managerial, environmental, and socio-cultural aspects compared to other options;
- The selection of the preferred option, detailing the expected benefits to the people of [..... region], a preliminary indication of the project results and activities, required resources, timing/phasing and estimated costs, and a preliminary logical framework;
- An assessment of the potential sustainability of the project results after completion, including, for example, maintenance and secure financial resources for continued operation;
- Recommendations for the following steps and further action for project formulation [possibly, detailed Terms of Reference for the feasibility study incorporating a Draft Financing Proposal].



D. Issues to be studied

This section of the Terms of Reference should contain information (where known) about the broad issues, or gaps in present knowledge, to be studied. The specific problems which may be tackled by the proposed water resources intervention should be presented here. Use Chapter 7 (Identification), or the Country Study Report, if available, to identify the following issues:

- policy framework and support measures;
- appropriate technology and technical matters;
- environmental protection;
- socio-cultural and gender aspects;
- institutional and management capacity, public and private;
- economic and financial aspects.

The main issues to be studied are outlined below. Detailed issues for analysis are presented later in Appendix I: Standard reporting format for the pre-feasibility study. The logical framework approach set out in the EC manual Project Cycle Management (PCM Manual) should be applied.

The study will assess these issues and provide information on and analysis of the relevance, feasibility and sustainability of the proposed [water resources intervention].

(i) The relevance of a possible intervention, as determined by: its coherence with the country's macro-economic environment, and the economic, social or environmental sector demanding additional water resources intervention; the consistency with the overall national/regional development objectives specified in the [.....e.g. National Water Resources Programme, National Environmental Action Plan, National or Regional Indicative Programme]; and the compatibility and complementarity of these projects with other projects relevant to water.

The consultants will study:

- How the proposed [water resources intervention] responds to the demands of the economic, social and environmental sectors as expressed by [..... specify the potential beneficiaries and target groups];
- How the proposed [water resources intervention] is coherent with the overall framework of national development objectives and the economic, social and environmental development policies of the relevant ministries of the Government of [.....];
- The nature, number and type of beneficiaries the proposed [water resources intervention] potentially affects;
- All organizations and agencies affected by or involved in the proposed [water resources sector intervention] and the intended improvement of the social, economic and environmental situation;
- All major problems experienced by the supposed beneficiaries of the project and by any other parties likely to be involved, the causal interrelationships of these problems and the intersectional links;

- Other interventions or priorities of ministries, agencies and donors that may affect or be affected by the proposed [water resources intervention];
- Information from previous studies and evaluations relevant to the proposed [water resources intervention].

This information is to be presented in Section 2 (Background) of the pre-feasibility study report (see Appendix I).

(ii) The feasibility of the proposed [project outline] determined by an analysis of the technical options consistent with the economic, environmental, social and institutional framework. This analysis is presented in Technical Appendix 4 to the study report. From a comparison of these options, the consultants will prepare a recommendation for the project to be structured as follows:

- *Overall objectives:* Why is the project important to the target groups and beneficiaries, the region and the government? What is the desired economic, social and environmental development/impact [as possibly expressed in the Indicative Programme]?
- *Project purpose:* Why do the target groups and beneficiaries need the project?
- *Project results:* What products and services will the project deliver to the target groups and beneficiaries? What assumptions are required to achieve the project purpose?
- *Project activities:* What is the broad scope of activities to be undertaken and what are the associated assumptions for achieving the project results.

The project purpose and results should be measurable by objectively verifiable indicators, and project activities should be quantified wherever possible. This information is to be presented in Section 3 (Intervention) and Section 4 (Assumption) of the Pre-feasibility Report (see Appendix I).

(iii) A preliminary indication of any pre-conditions, an initial cost estimate, and possible project phasing and organisation. This information is to be presented in Chapter 5 (Implementation) of the Pre-feasibility Report (see Appendix I).

(iv) Potential sustainability of the proposed project as determined by an assessment of the key sustainability factors listed in the PCM manual.

This information is to be presented in Section 6 (Factors ensuring sustainability) of the pre-feasibility report (see Appendix I). Use Chapter 7 (Identification), or the Country Study Report, if available, to identify the issues relating to these factors. These lists are not exhaustive. The consultants are required to use their professional experience to review and bring to the attention of the Government and the EC all relevant factors.



E. Work plan

This section sets out the approach for the study and key resource persons and organisations to be consulted. The consultants may propose alternative approaches to collecting information and to carrying out the study.

On the basis of the proposed time schedule outlined in the Terms of Reference, the consultants will prepare a work plan for the study and include this in their offer, and report on the approach taken in the study. The work plan should set out the consultants' approach to the following activities:

- fact finding/data collection/surveys;
- workshops, consultations and other means of ensuring local participation;
- identification of possible options for the proposed [water resources intervention];
- analysis of options;
- a briefing report summarising the analysis of the options;
- consultation meetings with decision makers to identify the preferred option;
- preparation of the draft and final pre-feasibility study report.

F. Expertise required


This section specifies the expertise (qualifications, experience) required for each person assigned to the study. Pre-feasibility studies require multidisciplinary and inter-sectoral analysis. The consultants should not propose purely technical experts but should endeavor to provide the range of expertise needed to address the issues.

For each expert proposed, a curriculum vitae, of no more than four pages, should be submitted.

G. Reporting

This section specifies the types of reports required, the language in which they should be written, the date of submission, the number of copies required and the recipients. The format for a Pre-feasibility Report is presented below.

The consultants will present a briefing report (10-15 pages) within [.....] weeks [after signature of the contract, or after the start of the study]. This report will set out the various options in sufficient detail to enable an informed decision to be made on the preferred option. The



study's conclusions should be presented in the pre-feasibility report in the format specified below, with the underlying analysis included in the appendices.

A draft pre-feasibility study report ([.....] copies) is to be presented to [.....] for comments by [date]. Within [.....] weeks, comments on the draft pre-feasibility study report will be received from [list of authorities].

The consultants will take account of these comments in preparing the final pre-feasibility study report (30-40 pages excluding appendices). The reports will be in [language] and [.....] copies will be submitted to [.....] by [date].

H. Time schedule

A time schedule should be prepared for each element of the work plan (Section E) and of the reporting requirements (Section G).

The consultants should respond to this timetable in their offer, indicating whether and how they can adhere to or improve on it.

I. Assistance to the consultants by the Contracting Authority

This section specifies assistance made available by the Contracting Authority to the consultants, including data, documents, offices, transport, counterpart staff, facilitation of the entry and exit of expatriate personnel and any study equipment required.

The Contracting Authority will make available the following information and facilities to the consultants' staff:

- all relevant reports, documents, maps, data;
- where available, office space, furniture, and access to computers and communication facilities;
- where available, the use of vehicles and drivers;
- counterpart staff.

The Contracting Authority will facilitate:

- entry and exit visas for the consultants' expatriate staff;
- any permits required for the consultants' staff to carry out their duties within the country;
- the import and export of personal belongings of the consultants' expatriate staff during the execution of the contract, and of equipment for the study in accordance with the provisions of the [.....; specify the co-operation agreement, e.g. Lomé Convention or similar agreements].



Appendix I: Standard Reporting Format for a Pre-Feasibility Study

Maximum length excluding appendices: 30-40 pages.

The report must be structured using the headings (chapters, sections and subsections) given below. Under each heading, a list of key words and explanatory notes is given to indicate the topics to be handled in that part of the report. These key words and explanatory statements refer to the main issues considered in Chapter 7 (Identification). It is essential, therefore, to use these guidelines to gain a full understanding of the reporting requirements.

The following text should appear on the inside cover:

This report is financed by the [.....]; source of financing, e.g. European Development Fund] and is presented by [name of consultant] for the Government of [.....] and the European Commission. It does not necessarily reflect the opinion of the Government or the European Commission.

1. Summary

2. Background

2.1 Government/water resources policy

National policies/strategies affecting water resources, programmes (including water-related sectoral objectives, strategies, priorities and implementation mechanisms), international agreements relating to water which the country has signed, policy links (including land-use policies), and legal aspects linked to water.

2.2 Features of water resources in the country


Institutional and administrative setting, role of water resources and linkages with other sectors in the national and local economies, all relevant revenues and financing, role of water in environmental conservation and protection, and key intersectoral links, (for example with agriculture and health), condition of infrastructure in the relevant Focus Area.

2.3 Beneficiaries and parties involved

Principal stakeholders and their roles, including: water resources users (farmers, local communities), non-governmental organisations (including community-based organisations and service NGOs), private sector organisations, and relevant Government institutions. Also analysis of institutional arrangements and co-ordination mechanisms.

2.4 Problems and opportunities to be addressed

Problems/opportunities of target groups and beneficiaries and of the water resources interventions to be addressed by the project. Analysis/review of problems/opportunities described in the Terms of



Reference, Section D (Issues to be studied):

- policy, co-ordination and legal issues described in Section 2.1;
- demand for water resources services, including any regional aspects;
- alternative solutions and options to address problems and opportunities;
- the sustainability of the sector in:
 - ◆ economic and financial terms (structural adjustment impact, water resources financing, operating and maintenance budget and revenues),
 - ◆ institutional and management terms (institutional structure, responsibilities and capacity, involvement of beneficiaries, role of the private sector),
 - ◆ environmental and socio-cultural terms (potential conflicts between the stakeholders, gender issues),
 - ◆ technical terms (use of appropriate modern technologies).

2.5 Other operation/interventions

Relevant interventions by the Government, the EC, other donors to water resources or relevant sectors served by the proposed project.

2.6 Documentation available

Key documents for the study such as previous studies and evaluation reports.

3. Intervention

3.1 Overall objectives

This section outlines the justification for the selected option, with reference to the analysis in Technical Appendix 4.

Why is the project important to the target groups, beneficiaries and Government?

3.2 Project purpose

Why do the target groups and beneficiaries need the project?

3.3 Project results

What services will the project deliver to the target groups and beneficiaries?

3.4 Project activities

What are the activities that will be carried out?



4. Assumptions

This section contains preliminary assumptions required to achieve the project activities, results and purpose.

4.1 *Assumptions at different levels*

Action by other agencies required to support the achievement of the project activities, results and purpose.

4.2 *Risks and flexibility*

Capacity of the project to respond to the non-realisation of crucial assumptions that could jeopardise the project's success, and the extent to which these risks have been taken into account.

5. Implementation

This section contains preliminary information on the project implementation. Further information will be provided in the feasibility study during the Formulation phase.

5.1 *Physical and non-physical means*

Preliminary indication of physical works, equipment, supervision, technical assistance, policy or technical studies, monitoring and evaluation.

5.2 *Organisation and implementation procedures*

Choice of implementation agency, initial assignment of responsibilities, and definition of procedures.

5.3 *Time schedule*

Expected project duration and phasing.

5.4 *Cost estimate and financing plan*

Preliminary costs by component and input, in foreign exchange and local currency, indicating the financing source where possible.

5.5 *Special conditions and accompanying measures taken by the government*

Preliminary action for government and parties involved, including the private sector, possibly even prior to launching the feasibility study.



6. Factors ensuring sustainability

This section should provide confirmation that key sustainability issues have been incorporated either in the project or as external assumptions. Use the checklists provided in Chapter 7 (Identification), to assess whether the project outline covers the issues appropriately.

6.1 *Policy support measures*

The extent to which implementation of existing policy requires modification or additional policy measures at a national and/or regional level.

6.2 *Appropriate technology*

The extent to which the technology and the standards proposed are compatible with: those already in use in the country, the use of local materials and skills, the physical and financial resources of private sector.

6.3 *Environmental protection*

The extent to which the impact of the project on people, land use, water, air, noise, flora and fauna and cultural heritage is consistent with agreed environmental standards and practices. Refer to the Commission of the European Communities (1993): Environmental Manual and Chapter 13 of these Guidelines.

6.4 *Socio-cultural and gender aspects*


The degree to which the project is consistent with present socio-cultural norms and practices. Refer to the Commission to the European Communities (1991): The Integration of Women in Development and Chapter 13 of the Guidelines.

6.5 *Institutional and management capacity, public and private*

The extent of efficiency with which relevant institution, public and private, fulfill their responsibilities.

6.6 *Economic and financial analysis*

Description of economic entities included in the analysis; definition of the 'with' and 'without project' scenarios and underlying assumptions; analysis of relevant alternative scenarios; description and calculation of benefits and costs; detailed analysis and justification of affordability of water for low-income groups; description and justification of type and analysis performed and of the results of the analysis; assessment of project relevance, effectiveness, efficiency and viability from the financial and economic perspective. Refer to the Manual ***Financial and economic analysis of development projects***, EC 1997 and Chapter 13 of these Guidelines.



7. Monitoring and evaluation

This section will contain preliminary information only. Further information will be provided by the feasibility study during the Formulation phase.

7.1 *Monitoring indicators*

Initial identification of key indicators for monitoring project progress, results, activities and assumptions (see Chapter 13).

7.2 *Review/evaluations*

Preliminary schedules of project reviews and ex-post evaluation.

8. Conclusions and proposals

Technical appendices to the pre-feasibility report

1. Logical framework matrix of proposed project/programme design, including intervention logic, indicators, assumptions and preconditions.
2. Map of the project area.
3. Analysis of the relevance of the preferred option (the project), which is the basis for the conclusions presented in Section 2.
4. Analysis of the options for the project/programme design, incorporating feasibility and sustainability, with the preferred option presented in Sections 3, 4 & 6.
5. Other technical appendices, if any.
6. Terms of Reference.

Administrative appendices to the pre-feasibility report

1. Study methodology/work plan (2-4 pages).
2. Consultants' itinerary (1-2 pages).
3. List of persons/organisations consulted (1-2 pages).
4. Literature and documentation consulted (1-2 pages).
5. Curricula vitae of the consultants (1 page per person).