

## Financing of Feasibility Studies

### Overview

<b>Programme objective</b>	<p>DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, uses funds from the German Ministry for Economic Cooperation and Development (BMZ) to co-finance initial work for private sector developmentally sound investments aimed at the introduction of new technology, processes and services in developing and transition countries.</p>
<b>Who can make proposals for feasibility studies?</b>	<ul style="list-style-type: none"> <li>• Small and medium-sized companies located and operating within the EU with an annual turnover of up to EUR 500 million and with firm investment intentions, subject to a successful outcome of the feasibility study.</li> </ul>
<b>What is co-financed?</b>	<ul style="list-style-type: none"> <li>• Feasibility studies for the preparation of realistic private sector investments, in particular with the focal areas of implementation and assistance with the use of new technology, or support for the alignment of new technology, processes and services to be implemented in developing countries. Examples of such are legal opinions, market analyses or studies concerning procurement or logistics.</li> <li>• Private sector measures in developing and transition countries are eligible.</li> </ul> <p>Feasibility studies already underway at the time of application to DEG cannot be co-financed (supplementary financial assistance). Also excluded from financing are the costs for the project conceptualisation to the pre-feasibility study stage.</p>
<b>What are the requirements?</b>	<ul style="list-style-type: none"> <li>• The private sector investment proposal, which is the object of the feasibility study, must have development relevance and dovetail with the overall concept for German development cooperation in the country in question.</li> <li>• The feasibility study's content must be the preparation of an investment by the proposing company and must be plausible in terms of successful implementation and profitability (micro-economic relevance).</li> <li>• The costs for the feasibility study must be commensurate with the planned private-sector commitment.</li> <li>• The proposing company is in a position to utilise the results of the feasibility study and is capable on a professional level as well as financially to produce an internationally competitive proposal for the investment measure or to carry out the planned investment. This must be documented e.g. through references or balance sheets.</li> </ul>

	<ul style="list-style-type: none"> <li>• Qualified external consultancy firms with a high degree of competence in the relevant area may be utilised to carry out the analyses.</li> <li>• The proposing company is responsible for the orderly implementation of the feasibility study and the results.</li> <li>• The feasibility study would not be carried out if public funding was not available due to the ensuing risks and costs and is not sponsored in the framework of public investment approvals (subsidiarity). If there are corresponding public requirements, the purpose of the feasibility study must very definitely go over and above the public requirements.</li> </ul>
<b>Volume of the commitment from this programme</b>	<p>DEG provides a maximum of 50% of the costs for each feasibility study (to an upper limit of EUR 200,000).</p> <p>DEG will enter into a contract of performance with the proposing company covering the compilation of a corresponding feasibility study. Remuneration is provided after DEG has received a feasibility study of sufficient quality and clear documentation of costs.</p>
<b>Duration and reimbursement of costs</b>	<p>The feasibility study must be completed within 12 months. The costs are reimbursed in two tranches according to performance:</p> <p>The first disbursement is made pro rata at the beginning of the performance. The second disbursement is made pro rata on completion of the feasibility study after the proposing company has handed the preparatory feasibility study for the proposed investment to DEG and DEG has checked and approved performance. DEG alone decides on the particulars of disbursement. DEG checks the appropriateness of the costs incurred during the implementation of the feasibility study. If during the period of implementation it becomes apparent that the proposed investment is not feasible, DEG should be informed of this immediately. In such a case DEG retains the right to reduce the co-financing amount in line with actual costs incurred.</p>
<b>How should the measure be presented?</b>	<p>The study proposal must include details on the following information:</p> <ul style="list-style-type: none"> <li>• A description of the proposed private-sector investment, information on estimated costs and the financing of the proposal, an overview on profitability and significant risks.</li> <li>• Comments in regard to the development impact on the partner country resulting from the investment.</li> <li>• Detailed proposed terms of reference for the feasibility study to be financed. The total costs of this study and the use of external and/or internal services are to be listed in detail.</li> <li>• Information regarding contract awarding for the future</li> </ul>

	<p>overall project (for competitive bidding procedures the tender agent; for unsolicited bids the contractual partner).</p> <ul style="list-style-type: none"> <li>• The proposing company's annual financial statements of the last three years.</li> </ul>
<p><b>Further information:</b></p>	<p>On request interested companies may obtain relevant information material and a standard form to outline the planned measure and present it to DEG for assessment. The proposal must be delivered in written form and confirmed in writing by DEG. DEG upholds the right to request further information.</p> <p>There is no legal right to co-financing. DEG is permitted to reject proposals and is not obliged to giving grounds for this. The co-financing of a feasibility study does not in any way guarantee the financing of a project resulting from the study.</p> <p>DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbh          Development Programmes and Business Support          Postfach 10 09 61          50449 Köln          Tel.: +49 221 4986 1128 (Hotline)          Fax: +49 221 4986 1472          E-Mail: <a href="mailto:machbarkeitsstudien@deginvest.de">machbarkeitsstudien@deginvest.de</a>          Internet: <a href="https://www.deginvest.de/International-financing/DEG/">https://www.deginvest.de/International-financing/DEG/</a></p> <p>(October 2016)</p>