

## PRGR 677 – COST BENEFIT ANALYSIS

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### Course objective:

Cost-Benefit analysis is concerned with determining the net social benefit of a project or a policy by systematically considering both its benefits and its costs in order to choose among a variety of alternative options. In this course students will be provided with an in-depth knowledge of analytical tools to properly evaluate both privately and publicly funded projects or policies. Topics covered include (but are not limited to) the financial and economic appraisal of projects, discounting, dealing with uncertainty, the shadow price of foreign exchange and government funds as well as the evaluation of impacts on stakeholders. Furthermore, case studies will provide students with hands on practice examples.

### Background readings:

Glenn P. Jenkins, Chun-Yan Kuo and Harberger, Arnold C.  
Cost Benefit Analysis for Investment Decisions, August 2011

Anthony E. Boardman, David H. Greenberg, Aidan R. Vining and David L. Weimer  
Cost-Benefit Analysis – Concepts and Practice, 4<sup>th</sup> Edition 2011 by Pearson  
Education Inc., Upper Saddle River, New Jersey, 07458.

### Case studies

### Course outline (tentative):

Module 1: Introduction to CBA. The integrated approach and the appraisal of investment projects (Chapters 1 & 2)

Module 2: The financial appraisal of projects (Chapter 3)

Module 3: Discounting and alternative investment criteria (Chapter 4)

Module 4: Scale, timing, length and interdependencies in project selection (Chapter 5)

Module 5: Dealing with uncertainty and risk in project appraisal (Chapter 6)

Module 6: Principles underlying the economic analysis of projects and the opportunity cost of capital (Chapters 7 & 8)

Module 7: The shadow price of foreign exchange and non-tradable outlays (Chapter 9)

Module 8: Economic prices for tradable goods and services & Economic prices for non-tradable goods and services (Chapters 10 & 11)

Module 9: Evaluation of stakeholder impacts (Chapter 13)

Module 10: The shadow price of government funds, distributional weights and basic needs externalities & Cost effectiveness and cost utility analysis (Chapters 14 & 15)