

INTRODUCTORY COURSE ON ECONOMIC ANALYSIS OF INVESTMENT PROJECTS

PROGRAM OVERVIEW

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Objectives of the Course

A. To introduce key concepts/principles related to project economic analysis

We will ask questions such as:

- Why should the public sector intervene?
- What are market failures and their causes?
- What is the willingness to pay?

Objectives of the Course

- What are incremental/non-incremental benefits?
- What are shadow prices, conversion factors, the numeraire, the social discount rate, and opportunity cost?
- What is the difference between economic analysis and financial analysis?
- What are the differences between outputs, outcomes, and impacts?

Objectives of the Course

B. To discuss tools and techniques of project economic analysis based on ADB's guidelines

We will look at issues such as:

- How to perform demand analysis and estimate willingness to pay?
- How to construct "with" and "without" scenarios?
- How to estimate economic benefits and costs as opposed to financial benefits and costs?

Objectives of the Course

- How to calculate net present value and economic internal rate of return (EIRR)?
- How to conduct least-cost analysis, sensitivity analysis, risk analysis, distributional analysis, and sustainability analysis?
- How to evaluate project impact?

Program Overview and Topics

Day 1: Economic Analysis: Context and Principles
Introduction to the Case Study

Day 2: Economic Rationale
Alternative Analysis

Day 3: Benefit and Cost Estimation
Sustainability Analysis

Day 4: Distribution Analysis
Impact Evaluation Design

Resource Materials

- Presentation materials
- Guidelines for the Economic Analysis of Projects (1997)
- Economic Analysis of Policy-Based Operations: Key Dimensions (2003)
- Key Areas of Economic Analysis of Projects: An Overview (2004)
- Sector-specific project economic analysis handbooks or reference manuals (water supply projects, sub-regional projects, health projects, sector loans, etc)
- Economic Analysis Retrospectives 2002, 2003, and 2004
- ERD Technical Notes (various issues)
- Other references