The aim of this course is to introduce the concepts and methods that are central to the economic appraisal of projects. Special attention will be given to the evaluation of projects or policies in the public sector where commercial profitability does not correspond to economic (social) profitability because of externalities, missing markets, and so on. While the course will emphasize methodology, there will be a discussion of a range of applications in areas such as environmental issues, recreation, health and safety, transportation projects, education, etc.

**Main Textbook:**


**Supplementary Textbook:**


**Mode of Learning:**

Lectures
Class Discussions
Tutorial Exercises

**Course Organisation and Assessment**

**Assessment:**

Project/Term Paper: 40%
Final exam: 50%
Tutorial assignments: 10%

**Schedule / Topics**

The main readings from the course will be specific pages from the main textbook (details will be provided in class). The other items listed below are mostly for
reference, though material from some of them may be assigned as compulsory reading later. Additional references may be provided during class meetings.

Week-1  
**Introduction: The nature of Economic Evaluation and Scope of CBA**  
Text, Chapter 1.  
Mishan & Quah (2007), Part I  

Week-2  
**Conceptual Foundations of Cost-Benefit Analysis**  
Text, Chapters 2, 3.  
Mishan & Quah (2007), Part II  

Week-3  
**Valuation of Benefits and Costs in Primary Markets**  
Text, Chapter 4.

Week-4  
**Valuation of Benefits and Costs in Secondary markets**  
Text, Chapter 5.  
Mishan & Quah (2007), Part IV

Week-5  
**Discounting Future Benefits and Costs**  
Text, Chapter 6.  
Mishan & Quah (2007), Part V

Week-6  
**The Social Discount Rate**  
Text, Chapter 10.  

Week-7  
**Dealing with Uncertainty: Expected Value and Sensitivity Analysis,**
and the value of information
Text, Chapter 7

Week-8 Option Price and Option Value, and Existence Value
Text, Chapters 8 & 9

Week-9 Valuing non-priced Impacts: Revealed Preference Methods
Text, Chapter 13.

Week-10 Contingent Valuation Methods
Text, Chapter 14.

Week-11 Shadow prices, the Marginal Excess Tax Burden
Text, Chapter 15, Chapter 12, pp. 320-21

Week-12 Shadow prices in the Developing Country Context
Text, Chapter 16
Mishan & Quah (2007), Part III
(http://www.adb.org/Documents/Guidelines/Eco_Analysis/default.asp)

Week-13 Review