

# ECON 437 - Cost-Benefit Analysis

Syllabus - Last update: 2019-09-09

Instructor:	Bahman Kashi (bahman.kashi@queensu.ca)
Teaching assistant(s):	Ardyn Nordstrom (ardyn.nordstrom@queensu.ca)
Lecture location & time:	Fri 14:30 to 17:00 - Room Mac-Corry D216
Academic term:	Fall 2019
Office hours (instructor):	Wed 10:00 to 11:00 - Room 315, Dunning Hall
Office hours (TA):	Thu 13:00 to 14:00 (Start: Sep 26) - Room 316, Dunning Hall
Dropbox link:	<a href="https://www.dropbox.com/sh/riu0czz5x8luwwl/AABI5ylog_F_FuOhHBC5r_2Ka?dl=0">https://www.dropbox.com/sh/riu0czz5x8luwwl/AABI5ylog_F_FuOhHBC5r_2Ka?dl=0</a>

## Overview

This course covers applied economic analysis tools used for the evaluation of projects and policies from the perspective of a social planner. It focuses on some of the theoretical foundations in the beginning but quickly turns into applied techniques in different sectors including, but not limited to, energy, transportation, education, health, and security. The course also covers aspects of financial analysis that are relevant to the design and evaluation of public policies and projects.

## Prerequisites

ECON 255; ECON 310 and permission of the Department.

## Grading Scheme and Requirements

Class participation	5%	
Quizzes	20%	2 quizzes during regular lecture hours (10% each)
Assignments	35%	3 assignments (1: 15% - 2 and 3: 10% each)
Final exam	40%	Monday, April 22 at 9 am in Dunning Hall (2 hours, short answers and true/false questions)

# Timeline & Activities

Week	Date	Topic	Activities
1	Sep 6	Projects, policies, well-being and the market prices!	
2	Sep 13	Discounted cash flow (DCF) analysis I (time value of money & alternative investment criteria)	
3	Sep 20	Discounted cash flow (DCF) analysis II (inflows & outflows)	Assignment 1 (distributed): Part I - DCF
4	Sep 27	Inflation & Exchange Rate	Assignment 1 (distributed): Part II - DCF & Inflation
5	Oct 4	Quiz I and Valuation in non-competitive markets (for example: water projects)	Quiz I (45 minutes at the beginning of lecture) Assignment 1 (due): Parts I and II
6	Oct 11	Adjustments for market distortions in competitive markets (tradable and non-tradable markets)	
7	Oct 18	Integration of ecosystem valuation and gender impacts (applied valuation methods)	
8	Nov 1	Integrated financial and economic analysis, and Valuation of education and health benefits	Assignment 2 (distributed): Stakeholder analysis
9	Nov 8	Quiz II and Valuation of transportation improvements	Assignment 2 (due): Stakeholder analysis
10	Nov 15	Valuation of electricity projects	Quiz II (45 minutes at the beginning of lecture) Assignment 3 (distributed): Project review
11	Nov 22	Risk analysis	
12	Nov 29	Course Review	Assignment 3 (due): Project review
Final	TBD	Final Exam	Day, Month DD at HH in TBD (2 hours, short answers and true/false questions)

## General readings

\*all readings are optional, lecture notes are the main reference for the exam\*

Belli, Pedro, ed. Economic analysis of investment operations: analytical tools and practical applications. World Bank Publications, 2001.

Drèze, Jean, and Nicholas Stern. "The theory of cost-benefit analysis." Handbook of public economics. Vol. 2. Elsevier, 1987. 909-989.

Adler, Matthew D., and Marc Fleurbaey, eds. The Oxford handbook of well-being and public policy. Oxford University Press, 2016.

Banerjee, Abhijit V., Abhijit Banerjee, and Esther Duflo. Poor Economics: A radical rethinking of the way to fight global poverty. Public Affairs, 2011.

Asian Development Bank. "Guidelines for the economic analysis of projects." (2017).

Kashi, B. et al., "Integration of ecosystem valuation into cost-benefit analysis" – 2018 – USAID

Kashi, B., Peyrow, K., Schmidt., S, Watt, J., "Integration of Gender Impacts into Cost-Benefit Analysis" – 2017 – USAID

Psacharopoulos, George, and Harry Anthony Patrinos. "Returns to investment in education." (2018).

Harberger, Arnold C. "Three basic postulates for applied welfare economics: an interpretive essay." Journal of Economic Literature 9.3 (1971): 785-797.