

BAPA503 - 001
Cost-Benefit Analysis of Projects and Programs
2008, Period 3

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Office Hours: Wednesday 4:00-6:00pm; Friday 12:30-1:30pm

Dates: April 14-May 24, 2008
Times: Friday 9:00-12:30pm
Location: SCRF 1004

Prerequisite(s): -

Required Reading Material: A. Boardman, D. Greenburg, A. Vining and D. Weimer, Cost-Benefit Analysis: Concepts and Practice, 3rd edition, Prentice Hall, 2006 (available at UBC Bookstore)

Recommended Reading Material: Supplementary readings will be used; the instructor will inform you as the course progresses

Course Package: No
WebCT? Yes

Introduction (or Module Description):

This course focuses on issues and techniques for conducting cost-benefit analysis of projects and program. The primary emphasis is on public sector project evaluation and specifically, on the principles and application of social cost-benefit analysis (SCBA). The course provides a working knowledge of the conceptual foundations and practical applications of SCBA, and an introduction to alternate methods for evaluating public sector programs and policies. Applications of SCBA in the course are primarily on transport infrastructure projects (for example, highways, airports, urban transit and so on) and on sustainable development including natural resources, environmental impacts, safety and health care.

Course Objectives:

- To provide a working knowledge of the conceptual foundations and practical applications of SCBA, and an introduction to alternate methods for evaluating public sector programs and policies;
- To provide an awareness of major unresolved issues in public project evaluation and the major arguments or views concerning these issues;
- To learn about SCBA techniques and their application to problems related to sustainability.

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Module & Readings Schedule (Subject to change):

Week 1-	Introduction to SCBA; Conceptual foundations of SCBA; Review of market failures; Measuring impacts in primary markets
Readings	Text: Chapters 1, 2, 3, 4
Week 2 -	Discounting benefits and costs in future time periods; Social discount rate: problems with market based rates, shadow price of capital optimal growth rate method, and inter-generational issues
Readings	Text: Chapters 6, 10
Week 3 –	Risk and uncertainty; Option price and option value; Multiple Criteria Decision-Making (MCDM) theory and methods; Analytical Hierarchy Process (AHP) method and its application
Readings	Text: Chapters 7, 8; Supplementary reading
Week 4 –	Estimating impacts; hedonic regression, consumer purchase studies, contingent valuation (CV); Application of CV to environmental projects
Readings	Text: Chapters 13, 14; Supplementary reading
Week 5 –	Shadow prices from secondary sources: value of life, value of time, pollution, environment, etc., and benefits transfer; Case study
Readings	Text: Chapter 15; Supplementary reading
Week 6 – (Exam Week, no regular classes)	Final exam, Group term paper and presentation Please do NOT indicate the date of final exam or presentations as the exam schedule will be drafted by the MBA Office in the second week of the period, and will be released to students in Week 3/4

Evaluation:

Class Participation 25%
Group term paper 40%
& presentation
Final Exam 35%

Additional and/or Optional Evaluations:

Evaluation Guidelines:



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Other Information: (such as case information, questions or helpful hints)

A group term paper is required; about 10 pages excluding exhibits would be a representative length, although length is not as important as the quality of the paper. The paper may address any of a variety of topics, so long as it bears relevance to the central themes/methodologies of the course. You may apply SCBA to a specific project, or review a few studies and related literature to produce a summary and evaluation of those applications. The paper must include an executive summary, and please double space and leave margins so that I can write comments. In addition to text, you can include any diagrams or tables that will clarify or illuminate your arguments. The number in each group is limited to a maximum of three students.

Preparation for the first class:

Read the textbook: Chapters 1, 2, 3, 4,

While every attempt will be made to keep to this schedule, the instructor reserves the right at all times to make changes in the material to be covered including, but not limited to, the cases and the reading material. The MBA Office reserves the right to change the location and time of the module. Advance notice of changes will be provided on WebCT.