

**DUKE UNIVERSITY**  
**Duke Center for International Development (DCID)**  
**Sanford School of Public Policy**

**Summer 2010**  
June 28<sup>th</sup> to July 23<sup>rd</sup>

**Training Program in**

**Applied Cost-benefit Analysis & Cost-Effectiveness Analysis**

**MAIN MATERIAL FOR THE COURSE**

The main material for the course is the Practitioners' Appraisal Guidebook that was developed by USAID in the India State Fiscal Management Reform Project. See website link below.

[http://www.fiscalreform.net/index.php?option=com\\_content&task=view&id=890&Itemid=52](http://www.fiscalreform.net/index.php?option=com_content&task=view&id=890&Itemid=52)

Several sections from the above referenced Guidebook form part of the recommended reading listed below. Refer back to the above URL to locate the relevant sections.

**CORE COURSE RESOURCES**

Many of the following readings can also be down-loaded at [http://www.fiscalreform.net/index.php?option=com\\_content&task=section&id=14&Itemid=145](http://www.fiscalreform.net/index.php?option=com_content&task=section&id=14&Itemid=145)

Belli, P. et al. 2001. Economic Analysis of Investment Operations. WDI Development Series. The World Bank.  
<http://btobsearch.barnesandnoble.com/Economic-Analysis-of-Investment-Operations/Jock-R-Anderson/e/9780821348505/?itm=2>

Harberger, A. & Jenkins, G. 2002. Cost Benefit Analysis for Investment Decisions, Queen's University.  
[http://www.fiscalreform.net/index.php?option=com\\_content&task=view&id=892&Itemid=52](http://www.fiscalreform.net/index.php?option=com_content&task=view&id=892&Itemid=52)

In addition to these readings, there will be handouts, case studies and lecture notes that will be given in class.

## ADDITIONAL REFERENCES AND RESOURCES

- Brealey, R. et al. 2008. Principles of Corporate Finance, Ninth edition. McGraw Hill.  
<http://btobsearch.barnesandnoble.com/Principles-of-Corporate-Finance/Richard-A-Brealey/e/9780073368696/?itm=2>
- Boardman, A. et al. 2001. Cost Benefit Analysis: Concepts and practice, Second edition. Prentice Hall.  
<http://btobsearch.barnesandnoble.com/Cost-Benefit-Analysis/Anthony-Boardman/e/9780130871787/?itm=2>
- Campbell, H. & Brown, R. 2003. Benefit-Cost Analysis: financial and economic appraisal using spreadsheets. Cambridge University Press.  
<http://btobsearch.barnesandnoble.com/Benefit-Cost-Analysis/Harry-F-Campbell/e/9780521528986/?itm=1>
- HM Treasury. 2003. The Green Book: Appraisal and Guidance in Central Government. HM Treasury.  
[http://www.hm-treasury.gov.uk/data\\_greenbook\\_index.htm](http://www.hm-treasury.gov.uk/data_greenbook_index.htm)

Also see the additional related resources and materials on cost-benefit analysis on USAID/EGAT's fiscalreform.net website.

[http://www.fiscalreform.net/index.php?option=com\\_content&task=section&id=14&Itemid=145](http://www.fiscalreform.net/index.php?option=com_content&task=section&id=14&Itemid=145)

## READINGS FOR SELECTED TOPICS

- 1. Introduction and overview of project appraisal**  
USAID Practitioners' Appraisal Guidebook, Part 1 & 2, pages 27 to 42
- 2. Integrated framework**  
USAID Practitioners' Appraisal Guidebook, Part 3 & 4, pages 43 to 52
- 3. Alternative points of view**  
USAID Practitioners' Appraisal Guidebook, Part 6, pages 82 to 84
- 4. Constructing financial cash flows**  
USAID Practitioners' Appraisal Guidebook, Part 6, pages 64 to 84

**5. Cost-effectiveness principles**

Belli, et al. Chapter 7, pages 73 to 82

**6. Investment criteria**

USAID Practitioners' Appraisal Guidebook, Part 5, pages 53 to 63

**7. Impacts of inflation**

USAID Practitioners' Appraisal Guidebook, Part 6, pages 84 to 90

USAID Practitioners' Appraisal Guidebook, Annexure 7A1, pages 97 to 107

**8. Modeling foreign exchange**

USAID Practitioners' Appraisal Guidebook, Part 6, pages 86 to 90

**9. Harberger's three postulates**

Harberger, A. Three basic postulates for applied welfare economics: an interpretive essay, *Journal of Economic Literature*, Vol. 9, No.3, (Sep., 1971), 785-797

**10. Valuing non-traded goods**

USAID Practitioners' Appraisal Guidebook, Part 11, pages 161 to 182

**11. Valuing traded goods**

USAID Practitioners' Appraisal Guidebook, Part 10, pages 150 to 160

**12. National parameters in project appraisal**

USAID Practitioners' Appraisal Guidebook, Annexure 1, pages 203 to 210

USAID Practitioners' Appraisal Guidebook, Annexure 2, pages 211 to 214

**13. Distributive analysis**

USAID Practitioners' Appraisal Guidebook, Part 13, pages 186 to 191

**14. Harberger's Basic needs approach**

USAID Practitioners' Appraisal Guidebook, Part 13, pages 186 to 191

and

Harberger, A. Basic needs versus distributional weights in social cost-benefit analysis, *Economic Development and Cultural Change*, Vol. 32, No. 3, (Apr., 1984), pp. 455-474