

Cost-Benefit Analysis

Course title – Intitulé du cours	Cost-Benefit Analysis
Level / Semester – Niveau /semestre	M2 / S3
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	Ulrich Hege
Other teacher(s) – Autre(s) enseignant(s)	
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Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	15
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English / Anglais
TA and/or TP Language – Langue des TD et/ou TP	

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

Email and office: Ulrich Hege , ulrich.hege@tse-fr.eu , Office T 616

Course Objectives – Objectifs du cours :

The course aims at introducing the foundations, the principles and concepts of CBA, as well as to provide guidance and tools for the implementation of CBA in practice. Cost-benefit analysis (CBA) is the well-established economic method to evaluate public policies and prepare policy decisions. CBA is widely used in public and private organizations worldwide, and an essential tool for the planning of risk prevention and risk management decisions. In this course, we aim to strike a balance between theoretical foundations and practical issues. A key objective of the course is to offer the opportunity to students to work on a practical implementation study and to learn how to use CBA.

After an introduction to the basics and foundations, the course is mainly dedicated to the quintessential concepts of CBA such as decision rules, projects, standing, welfare measures, measuring benefits, measuring costs, as well as the treatment of uncertainty and of issues of equity. It provides an overview and critical discussion of the issues around these topics, as well as a few extensions. At the same time, the course focuses on how to conduct a CBA in practice and implement it in different environments associated with global risks.

Prerequisites – Pré requis :

The prerequisites for this course are Microeconomics (M1 level), and basics of finance and public economics.

Practical information about the sessions – Modalités pratiques de gestion du cours :

Students are expected to attend and actively participate in all lectures.

Grading system – Modalités d'évaluation :

The final grade consists of the following parts :

- Final exam: 50 %
- Group work on case: 50%

Bibliography/references – Bibliographie/références :

Atkinson, G., N.-A. Braathen, B. Groom, S. Mourato (OECD) 2018, *Cost-Benefit Analysis and the Environment: Further Developments and Policy Use*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264085169-en>.

This OECD book is built on an earlier work by the same group of authors at the OECD that is occasionally useful background reading since it provides more context to the topics:

Pearce et al. 2006: Pearce, D., G. Atkinson, S. Mourato, *Cost-Benefit Analysis and the Environment, Recent Developments*, OECD. https://www.oecd-ilibrary.org/environment/cost-benefit-analysis-and-the-environment_9789264010055-en .

Other books include:

A. E. Boardman, D. H. Greenberg, A. R. Vining, D. L. Weimer (2017), *Cost-benefit analysis: concepts and practice*. Cambridge UP.

S. Bonner, *Social Cost Benefit Analysis and Economic Evaluation*, e-book, <https://ug.pressbooks.pub/socialcba> .

Session planning – Planification des séances :

The course will cover the following topics:

1. Introduction to CBA
2. Valuation : measuring the benefits
3. Valuation: measuring the costs
4. Addressing uncertainty
5. Equity
6. Further topics, CBA in practice and case presentations

The five weeks of the course will follow the following structure:

Week 1: Introduction to CBA

Week 2: Valuation : measuring the benefits

Week 3: More on measuring the benefits and costs

Week 4: Uncertainty and Equity

Week 5: Further topics, CBA in practice and group presentations

Distance learning – Enseignement à distance :

Distance learning can be provided when necessary by implementing, for example: / En cas de nécessité, un enseignement à distance sera assuré en mobilisant, par exemple :

- Interactive virtual classrooms / Classe en ligne interactive
- Recorded lectures (videos) / Vidéo enregistrée de la présentation du matériel pédagogique
- MCQ tests and other online exercises and assignments / QCM et exercices en ligne
- Remote (online) tutorials (classes) / TP/TD à distance
- Chatrooms / Forums