



Carleton University Department of Economics
Late Summer 2024
ECON 3509A
Development Planning and Project Evaluation

The Instructor

Instructor: Dr. Samuel Bonti-Ankomah

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(please use the Brightspace e-mail facility for all course-related electronic communication)

Office Location: Virtual

Office Hours: Wednesday, 5:15 pm – 5:55 pm

The Course

Course Location/Delivery: Lectures will be live on Zoom. Students are required to attend the live lectures.

Course Day and Time: Mondays and Wednesdays, 6:05 pm- 8:55 pm

TA: TBD

Email Address: TBD

Office Location: TBD

Office Hours: TBD

Brightspace Course Page: <https://brightspace.carleton.ca/d2l/home/208431>

Course Description

The course will provide students some understanding of the basic principles of development planning and introduce them to the tools used in economic evaluation of development projects. It provides an analytical and practical approach to financial and economic project evaluation that looks at projects from the perspective of governments or development agencies. The course covers general economic principles that are used for evaluating the social benefits and costs of projects. It includes approaches to valuing market and non-market benefits and costs and analysis of uncertainty.

Learning Outcomes

After successful conclusion of this course, students should be able to:

- Describe the key steps involved in a standard cost-benefit analysis;
- Explain the economic principle that guides cost-benefit analysis;

- Identify all relevant costs and benefits of a particular project/policy/ regulation;
- Properly classify all relevant benefits and costs of a project/policy/regulation;
- Understand how to attach a dollar value to benefits and costs;
- Evaluate the role of non-market benefits and costs in a CBA;
- Understand the importance of the discount rate in CBA;
- Conduct a basic cost-benefit analysis.

Preclusions and Prerequisites

Prerequisite: ECON 1000 or FYSM 1003.

Students who believe they have taken similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator, Renee Lortie.

Course Calendar

PART I: Basic Principles of Development Planning- July 3 & 8

1. Basic Concepts of development planning (Dale, Chapter 1, 4 & 5; Todaro et al, Chapter 11; UNDP Human Development 2020 Statistical Update and Technical Report)

PART 2: Economic Foundations of project evaluation – July 10

2. Efficiency, and project evaluation – [Boardman, et al, Chap. 2 (pp. 28-30)]
3. Willingness to pay and opportunity cost [Boardman et al, Chap. 2 (pp. 31-41)]
4. Consumer and producer surplus – [Boardman et al, Chap. 3 (pp. 55-75)]
5. Market Distortions and project evaluation– [Belli et al, Appendix 1A (pp.199-213)]

Quiz 1 – July 15

PART 3: Cost Benefit Analysis – A tool for Project Evaluation – July 15

6. What is Cost Benefit Analysis? [Boardman, Chap. 1 (pp. 1-2)]
7. Private versus social Cost Benefit Analysis [Boardman, Chap. 1 (pp. 1-2)]
8. Key Steps in Cost Benefit Analysis [Boardman, Chap. 1 (pp. 4-15)]
9. Why Cost benefit Analysis? [Boardman, Chap. 1 (pp. 21-23)]

PART 4: Identification and Valuation of Costs and Benefits – July 17 & 22

10. Identifying cost and benefits [Belli, Chap. 4]
11. Valuing Benefits and Cost [Boardman, Chap. 4, 5 & 6]

Quiz 2- July 24

PART 5: Monetising Costs and Benefits – July 24 & 29

12. Market Approaches (Belli, Chap. 5; Campbell and Brown, Chap. 8; Townley, Chap. 6)

13. Non-market/Indirect Market approaches (Boardman, Chap. 15 & 16; Belli, Chap. 4; Campbell and Brown, Chap. 12; Townley, Chap. 9)

PART 6: Decision Criteria for Cost Benefit Analysis – July 31 & August 7

14. Cost Benefit Analysis Criteria (Belli, Technical Appendix (pp.217-222); Campbell and Brown, Chap. 3; Zerbe and Dively, Chap. 9)
15. Discounting [Boardman, Chap. 9]
16. Cost Effectiveness [Boardman, Chap. 18; Belli, Chap. 7]

PART 7: Dealing with Risks and Uncertainties – August 12

17. Risks and Uncertainty (Zerbe and Dively, Chap. 12)
18. Analysing uncertainty (Boardman, Chap. 11; Belli, Chap. 11; Zerbe and Dively, Chap. 12; Campbell and Brown, Chap. 9)

Class Review – August 14

Group Assignment submission – August 14

Note: The foregoing is a tentative list of contents. There may be changes due to questions and interests of students.

Textbooks and Readings

Texts

Title	Author(s)	ISBN
Cost-Benefit Analysis: Concepts and Practices, 5th ed, 2018, Cambridge University Press (Required)	Boardman, A.E., Greenberg, D.H., Vining, A.R., and Weimer, D.L.	978-1-108-40129-6 978-1-108-41599-6
Benefit-Cost Analysis: Financial and Economic Appraisal Using Spreadsheets, 2003, Cambridge University Press, New York	Campbell, Harry, F. and Brown, Richard, P.C.	13-9780521528986

Economic Analysis of Investment Operations: Analytical Tools and Practical Applications, World Bank Institute, Washington, D.C.	Pedro Belli, Jock R. Anderson, Howard N. Barnum, John A. Dixon, and Jee-Peng Tan, 2001.,.	0-8213-4850-7
Economic Development, 13 th ed. 2020, Pearson, Harlow, UK.	Todaro, Michael and Smith, Stephen, C.	978-1292291154
Principles of Cost-Benefit Analysis in a Canadian Context, Prentice Hall.	Townley, P	978-0136367130
Benefit-Cost Analysis in Theory and Practice, 1994, Harper Collins College Publishers	Zerbe, R. and Dively, D.	9780673180667
United Nations Development Program, 2024.	Human Development Report 2023-2024, Breaking the Gridlock https://hdr.undp.org/content/human-development-report-2023-24	
United Nations Development Program, 2024.	Human Development Report: 2023-2024 Technical Notes, https://hdr.undp.org/sites/default/files/2023-24_HDR/hdr2023-24_technical_notes.pdf	
World Bank	Operations Evaluation Department (OED) sub-site: www.worldbank.org/oed	
Inter-American Development Bank	www.iadb.org	
Asian Development Bank	www.adb.org	
African Development Bank	www.afdb.org	

Treasury Board Secretariat of Canada, 2022	<i>Canadian Cost Benefit Analysis Guide for Regulatory Proposals: Canada's Cost-Benefit Analysis Guide for Regulatory Proposals - Canada.ca</i>	
Treasury Board Secretariat of Canada, 2007	<i>Assessing, Selecting and Implementing Instruments for Government Action: Assessing, Selecting, and Implementing Instruments for Government Action - Canada.ca</i>	

A greater part of the course material will come from the **required** course textbook, “Cost-Analysis: Concepts and Practices, 5th ed. 2018”. Students can purchase the electronic version of the textbook and related materials via the textbook publisher’s website for \$75 (subject to change) in accordance with the University’s policy on Technology Enhanced Learning Resources: <http://carleton.ca/secretariat/wp-content/uploads/Adopting-Technology.pdf>.

Hardcopies of the **required** course textbook, if desired, can also be purchased via the University bookstore.

Evaluation

Evaluation

Assignment/Test	Date	Mode of Delivery	Percentage of Grade
Quiz 1	July 15	Brightspace	15
Quiz 2	July 24	Brightspace	15
Group Assignment	August 14	Brightspace	30
Final Exam	August 17-23	Virtual	40

Information About Assignments

One assignment will be expected in this course. Students will be put into groups to complete the assignment. You are required to participate fully in the group assignment to satisfy the course requirement. Each group will submit one group assignment which will be due on August 14, 2024, through Brightspace. Submission of individual assignments are not permitted. All submitted assignments should be typed. Hand-written assignments will not be accepted.

Late Policies and Extensions for Term Work

Students will lose 5% per each day for submitting assignments after the due date of August 14, 2024. Students who fail to submit their assignments without a compelling reason will be

awarded a grade of zero for the assignment and the assignment grade will not be distributed to the remaining evaluation instruments.

Quiz Policy

If you are absent for any of the quizzes, email me as soon as possible within a few days to reschedule. I reserve the right to request a Self-Declaration form or PMC letter of accommodation depending on the length of incapacitation.

Midterm Policy

If you are absent for a midterm, email me as soon as possible to discuss how we will weight your course evaluations differently. I reserve the right to request a Self-Declaration form or PMC letter of accommodation depending on the length of incapacitation.

Final Exam

The final exam will be virtual as scheduled by the University during the exam period. Students are not to make travel plans during the exam period as that is not a valid reason for missing a final exam.

Satisfactory Performance Criteria

Students must fulfill all of the course requirements, including the final exam, in order to achieve a passing grade (D- or higher). **Students must also attend virtual class at least 60% of the time to fulfil the course requirements and achieve a passing grade.**

Deferred Finals

Students who do not write the final examination because of illness or other circumstances beyond their control may apply to write a deferred final examination by contacting the Registrar's Office no later than three working days after the original final examination was scheduled. In the event that a student writes a deferred examination, the deferred examination will carry the same weight as the final examination in determining the course grade. Any deferred examination will not be identical to the original final examination.

Deferred finals (which must be applied for at the RO) are only available for students in good standing in the course. This implies that the student has to meet the class attendance requirements and with a weighted grade (before the final exam) of not less than 20%.

E-Proctoring

E-proctoring will not be used for evaluations in this course.

Standing in the course

Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean.

Plagiarism, Resources and Mental Health, Academic Accommodations

You are responsible for reading and knowing the information about plagiarism, Carleton University resources, and academic accommodations found [HERE](#).