

Language:  ▼



## **Challenges and applications of cost-benefit analysis for the preliminary feasibility study of capital investments**

The purpose of this short survey is to identify and analyse practices in cost-benefit analysis (CBA), and to assess challenges and potential solutions to its application in OECD member countries. Results of this survey will serve to inform future OECD and joint studies.

We ask for your cooperation in responding to as many questions as possible within the questionnaire, no later than Tuesday November 18<sup>th</sup> 2014

For any questions, please contact Ian Hawkesworth ([ian.hawkesworth@oecd.org](mailto:ian.hawkesworth@oecd.org) or +33 1 45 24 1632) or Ihssane Loudiyi ([ihssane.loudiyi@oecd.org](mailto:ihssane.loudiyi@oecd.org) or +33 1 45 24 9980)



**\*Country**

**\*Given name:**

**\*Surname:**

**\*Position:**

**\*Department:**

**\*Email address:**

**\*Telephone:**

**A. General Information on the planning process for capital investment**

**A.1. In general, what share of public investment budget is managed at central and how much at regional/local level in your country?**

- a. Central or National
- b. Regional or sub-national
- c. Do not know
- d. Other, please specify

**If possible, please write in absolute numbers here**

**\*A.2. Can you indicate which of the following sentences best describes the system of public capital investment<sup>1</sup> management in your country?**

- a. There is a strong central responsibility at national budget level with an increasing role of line/sectoral departments and regional/local authorities
- b. There is a strong central responsibility of central and line ministries with now an increasing role of regional/local authorities
- c. Line ministries are the main planning authorities at the central level
- d. Regional authorities have played a significant role for many years
- e. The role of line ministries and regional/local authorities varies a lot depending on sectors
- f. Other, please specify



## **B. Cost Benefit Analysis in the decision making process**

### **\*B.1. Is there a specific legal requirement in your country to perform CBA for preliminary feasibility studies for capital investment?**

- a.Yes, CBA is mandatory nationwide by legislation for all capital investment projects above a certain financial threshold (please specify the threshold and cite relevant legislation in the box below)
- b.Yes, there is a legal requirement nationwide for CBA, but only for specific category of projects (please specify in which cases/sectors in the box below)
- c.Yes, there are different legal frameworks depending on procuring /regulatory agencies at national levels (please specify which cases in the box below)
- d.There is no nationwide legislation, but there is a legislation requiring CBA at state/regional/local government level (please specify in the box below)
- e.No
- f.There is no legal requirement, but CBA is recommended by government and used anyway
- g.Other, please specify

**\*Please specify the details/address/website if relevant. Please send documents describing the legal framework (e.g.legal acts, regulations, other...) to: [ihssane.loudiyi@oecd.org](mailto:ihssane.loudiyi@oecd.org). Otherwise, write N/A in the box below**

### **\*B.2. What is –in your view– the general objective of CBA in your country according to legislation, regulation or official documents?**

*Select all that apply*

- a.CBA is a strategic planning tool for prioritising investment at the central level
- b.CBA is needed to provide a justification for project selection/decision and financing
- c.CBA is an accountability/transparency tool
- d.CBA is a technical assessment supporting project design in the feasibility phase
- e.CBA is a useful tool for project monitoring
- f.CBA is a tool for policy learning
- Other, please specify

### **\*B.3. In general, what is the role of CBA in the preliminary feasibility study stage for a capital investment?**

*Check all that apply*

- a.CBA is the key decision making tool in allocating funding to the procuring agencies
- b.The role of CBA is different depending on sectors, procuring agencies and departments
- c.CBA is one among several other decision making tools (e.g. Environment Impact Assessment, etc.)
- d.CBA does not play any decisive role in the decision making process
- e.CBA used to be important but it is recently losing ground
- f.CBA is increasing in role and importance
- Other, please specify

**\*B.4. During the project preparation phase when is CBA usually prepared?**

- a.In the pre-feasibility stage when several project alternatives should be assessed
- b.In the feasibility phase, when the preferred project alternative is already chosen
- c.It is prepared at an earlier stage and then updated during the whole project preparation phase
- Other, please specify

**\*B.5. Is CBA also performed regularly after the completion of the project?**

- a.Yes, immediately after project completion (please specify in the box below)
- b.Yes, in general some time after project completion, \_\_\_ months after the project completion (please specify in the box below)
- c.Yes, in general it is performed ex-post, \_\_\_ years after the project completion (please specify in the box below)
- d.Yes, but only in some circumstances (please specify when)
- e.It depends on procuring agencies/projects (please specify in the box below)
- f.Only occasionally and without a precise timeline after completion (please specify in the box below)
- g.No
- h.Other, please specify

**\*If selected option b or c please specify. Please provide any additional details/address/website if relevant Otherwise, write N/A in the box below**

**\*B.6. In which of the following sectors is CBA usually performed?**

*Select all that apply*

- a.Road
- b.Rail
- c. Airports, ports and waterways
- d.Urban transport
- e. Watter supply and wastewater
- f.Solid waste management

- g. Other environmental projects (risk prevention and mitigation, natural asset conservation, etc.)
- h. Energy (production, transmission and distribution)
- i. Education
- j. Health
- k. ICT (Telecommunications, broadband, ICT applications to businesses and citizens)
- l. Culture and leisure
- m. Scientific research
- n. Technological development and innovation (science parks, technological parks, incubators, etc.)
- n. Other please specify



**c. Roles and responsibilities**

**\*C.1. Who performs CBAs?**

- a.A special unit at the central government level (please specify in the box below)
- b.An evaluation unit at the regional government level (please specify in the box below)
- c.An evaluation unit at the sectoral level -line department (please specify in the box below)
- d.A technical unit within the relevant procuring agency (please specify in the box below)
- e.A technical stand-alone unit outside of the procuring agency or line department (please specify in the box below)
- f.Private consultants hired by the project sponsor (please specify in the box below)
- g.It depends, there is no specific permanent arrangement
- h.Other, please specify

**\*Please specify the details/address/website if relevant.Otherwise write N/A in the box below.**

**\*C.2. Who assesses the quality of CBA?**

- a.A special unit at the central government level (please specify in the box below)
- b.An evaluation unit at the regional government level (please specify in the box below)
- c.An evaluation unit at the sectoral level-line department (please specify in the box below)
- d.A technical unit within the relevant procuring agency (please specify in the box below)
- e.A technical stand-alone unit outside of the procuring agency or line department (please specify in the box below)
- f.Private consultants hired by the procuring agencies (please specify in the box below)
- g.It depends, there is no specific arrangement (please specify in the box below)
- h.There is no formal quality review of the CBA
- g.Other, please specify

**\*Please specify the details/address/website if relevant. Otherwise write N/A in the box below.**



**\*C.3. Are CBA of major capital investment publically available?**

- a.Yes, they are uploaded on the web (please specify the URL in the box below) and openly accessible by the wider public
- b.Yes, they can be available upon request
- c.No, they are confidential
- Other, please specify

**\*Please specify the details/address/website if relevant. Otherwise, please write N/A in the box below.**

**\*C.4. Are CBA analyses used to inform public consultation and debate?**

- a.Yes (please provide examples in the comment box below)
- b.No
- c.It depends (please explain in the comments box below)

**\*Please specify if relevant.Otherwise write N/A in the box below.**



**D. Content and methodology of the CBA**

**\*D.1. Are there specific legal requirements in terms of content of the CBA?**

- a.Yes, there is a minimum set of data the CBA should mandatory contain (please specify or give a reference in the box below)
- b.Yes, but there are different requirements depending on procuring agencies
- c.No, there is no specific requirement in terms of content of the CBA
- Other, please specify

**\*Please specify the details/address/website if relevant. Otherwise write N/A in the box below.**



**\*D.2. Are technical methodological guidelines and other supporting documents on CBA prepared and systematically disseminated?**

- a. Yes, there is one general set of guidelines
- b. Yes, there are different sectoral/thematic guidelines and supporting documents
- c. No, there are no guidelines or methodological documents
- d. Other, please specify

**\*please attach relevant documents or provide links/references to the technical methodological guidelines or other supporting documents. Otherwise, write N/A in the box below.**

**\*D.3. Are recommended methodological guidelines systematically disseminated and/or regular training sessions organised for public officials involved in project selection and financing?**

- a. Yes, there is a centrally-led training/dissemination programme
- b. Yes, each procuring agency is responsible for training and methodological dissemination
- c. No, there is no systematic training or dissemination, but training in CBA is encouraged and occasionally organised directly by procuring agencies
- Other, please specify

**\*D.4. Please indicate the typical items included in a CBA.**

*Please select all that apply*

- a. Project identification
- b. Demand analysis
- c. Technical design
- d. Institutional arrangements
- e. Management and time-plan
- f. Assessment of the impact on the budget
- g. Financial analysis to verify project sustainability and profitability
- h. Economic analysis with calculation of cost/benefit (C/B) ratio, net present value (NPV) and economic rate of return
- i. Quantification of environmental externalities
- j. Sensitivity analysis
- k. Scenario analysis
- l. Switching value

- m. Risk analysis based on probability distribution function of critical variables
- n. Distribution analysis with the use of welfare weights or affordability ratio
- o. Territorial distribution analysis with calculation of regional welfare effects
- p. Other, please specify

**\*D.5. Please indicate the typical items that are included in the economic analysis to compute the C/B ratio or NPV**

*Please select all that apply*

- a. Willingness to pay by users
- b. Time saving
- c. CO2 emissions
- d. Other emissions types that are considered in the environmental impact assessment
- e. Cost savings
- f. Hedonic prices
- g. Shadow wages
- h. Social discount rate
- i. Conversion factors to convert market into shadow prices
- j. Border prices for tradable goods
- Other, please specify

**\*D6. Does your country integrate components for assessing the effects of projects on balancing regional development in its cost benefit analyses?**

- a. Yes, always
- b. Yes, sometimes
- c. No

**\*Please explain and provide details if relevant. Otherwise please write N/A in the box below.**

**\*D.7. Are there values of key parameters and unit values to use for costs and benefits set by central government bodies or by sub-national levels of government?**

- Yes, central government bodies (please specify in the box below)
- Yes, sub-national levels of government (please specify in the box below)
- Yes, other government entities (please specify in the box below)
- No

**\*Related to question D.7, Please specify. Otherwise, write N/A in the box below.**





**E. Impact on the decision making process**

**\*E.1. Since when has CBA been used in your country in preliminary feasibility studies for capital investment?**

*Please provide a summary history or give a reference*

**\*E.2. What is –in your opinion– the most relevant effect of CBA on the decision making process?**

*Please classify in order of importance, with 1 being the most relevant effect of CBA*

	*		Please specify
1	Select:	<input type="text"/>	<input type="text"/>
2	Select:	<input type="text"/>	<input type="text"/>
3	Select:	<input type="text"/>	<input type="text"/>
4	Select:	<input type="text"/>	<input type="text"/>



Thank you for taking the survey.

**Message Format:** Text

**From:** Ihssane.LOUDIYI@oecd.org

**To:** @@495731

**Bcc:** santiago.gonzalez@oecd.org; ihssane.loudiyi@oecd.org

**Subject:** Answers 2014 OECD survey CBA

**Body:**

Dear @@495727 @@495728

Thank you for completing the 2014 OECD Survey on Challenges and Applications of Cost Benefit Analysis for the preliminary feasibility study of capital investments. A copy of your responses has been included below for your records. Should you notice any errors in your responses, please contact Ms. Ihssane Loudiyi (ihssane.loudiyi@oecd.org) for guidance on how to amend your response.

Best regards,  
Ian Hawkesworth  
Head of PPPs and Capital Budgeting  
Budgeting and Public Expenditures Division

