

Good practice in economic (cost-benefit) assessments

Jon Barnes

EAPAN AGM &
Annual Mini
Conference

18-Oct-2013



Background

- EA of development projects
- Environmental & social impacts
- Economic consequences
- **Negative costs**
- Losses in use and non-use values – land & NR
- **Positive gains**
- Project development



Approach

- Identify core approach to economic assessment
- **Minimum 'best practice'**
- Sufficient for review/clearance by EC
- Optional enhanced economic assessment
- Useful or necessary in cases



Total economic value

Total economic value of natural resources

Use values

Non-use values

Direct use
values

Indirect
use value

Option
value

Bequest
value

Existence
value

Use values

Use values of natural resources

Direct use values

Indirect use values

Non-
consumptive
direct use value

Consumptive
direct use value

Economic
indirect use
values

Ecological
indirect use
values

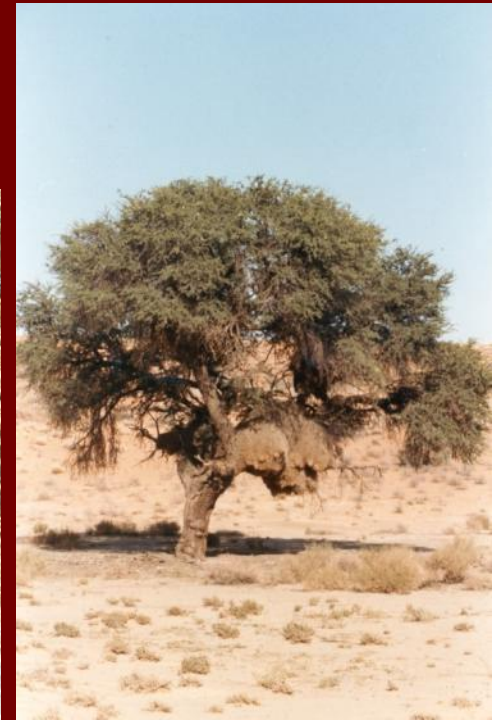
Basic economic use value

- What is the best use of nation's resources
 - Needs to fit with national planning values
 - National income at opportunity cost
- Needs to be based on accessible data
 - E.g. mean values from simple surveys
 - Cost-benefit budget and investment models
- Need Project feasibility data!

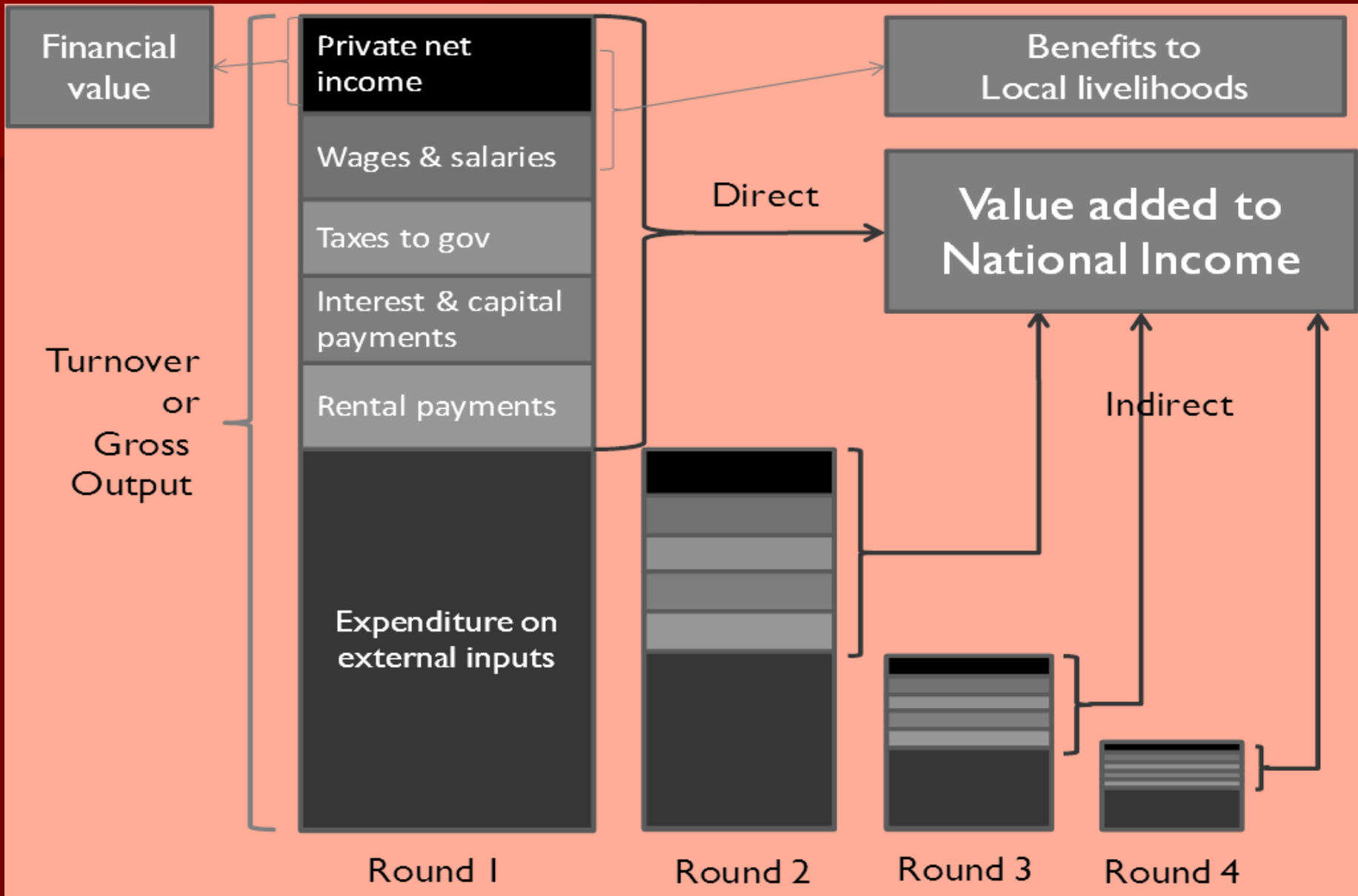


Embellishments

- Shadow pricing adjustments
- Inclusion of additional values
 - Non-use values – existence, option, etc
 - Income and value added multipliers
 - Winners and losers analysis
- Inclusion of other methods
 - Cost effectiveness, CVA, TCA, MCDA



Economic Value



Tourism & Wildlife



Livestock



Forests



Mining



Suggested best practice

- Minimal “requirement”
 - Economic implications
 - National income change
 - Negative **and** positive
 - Cost-benefit analysis
 - Sensitivities for planning
- Embellishments as needed
 - Additional values
 - Additional methods
- Incorporation in ESIEA report



Thank you!

