Evaluation : Public Spending Code

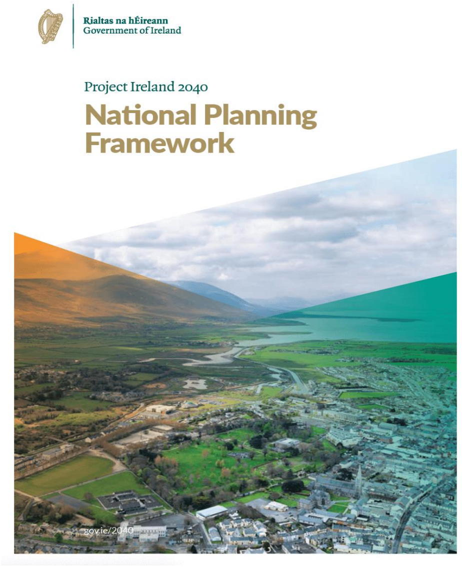
ELEMENTS OF CBA AND RIA

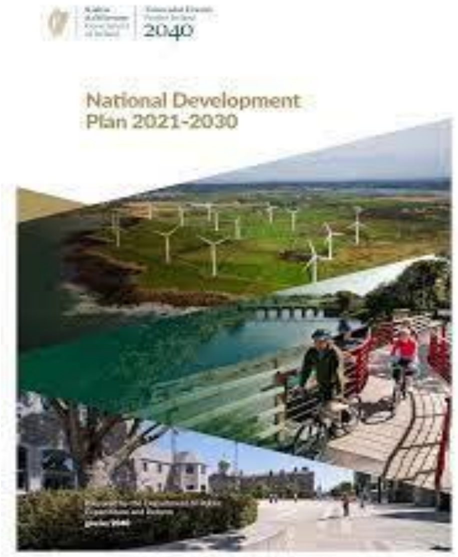
Applications

Applications of CBA

Economic Infrastructure	**Social Programs**	**Regulations**
Transport: Roads, railways, ports and airports	Healthcare Hospitals Mental Health facilities	Food and drug safety
Utilities: Water supply, Power	Education	Deregulation of airlines, taxis
Communications: National Broadband	Early childhood programs	Urban planning
Environment: Renewable energy	Investment in emergency services	Environmental regulations

National Development Plan





policy

Public spending code

Public spending code:Procedure

Codes


Public Spending Code
Supplementary Guidance - Measuring & Valuing Changes in Greenhouse Gas Emissions in Economic Appraisal
December 2019


Public Spending Code
Value for Money Review and Focused Policy Assessment Guidelines
January 2018

Public spending code

- Central Guidance
- Technical Guidance
  - overview of appraisal methods and techniques
  - financial analysis
  - cost benefit analysis
  - technical references and parameters
  - greenhouse gas emissions
  - VFM reviews and focused policy assessments
  - regulatory impact analysis guidelines

Nature of CBA

Nature

- framework for efficiency
- policy assessment method
- ex-ante
- process to make judgements/choices
- marketed and un-marketed consequences
- common monetary scale
- rationale for market interference

CBA stages

Objectives

Options/Alternatives

Constraints

Standing : whose costs and benefits

Impact categories

CBA stages

Each Alternative

- economic life
- predict impacts
- list costs and benefits
- quantify and monetize costs and benefits

CBA stages

Apply decision criteria

Test for sensitivity

Assess distributional consequences

Decide

Objectives

Explicit, precise, measurable

Facilitate ex-post evaluation

Scope and boundaries

Multiple objectives

Relate to underlying policy or strategy

Options

Do nothing

Do minimum; different scales

Alternative forms of contract

Alternative methods of financing

Use of private sector

Note conflicts with existing policies

Public expenditure constraints

Constraints

Budgetary

Environmental

Inputs

Technical

Legal

Administrative

Policy

Distribution

Note external dependencies

Identify Costs and benefits

Concepts

- additionality
- deadweight
- displacement

Valuing Costs

Typical costs arising in projects include:

- Staff
- Investment costs e.g. construction costs, materials etc.
- IT costs
- Fixed assets
- Equipment
- Overheads
- Operating costs
- Maintenance costs
- Negative externalities (e.g. water/noise pollution)

Depreciation should not be included as a relevant cost because it is an accounting concept used to allocate expenditure over the life of an asset. The inclusion of the purchase price and depreciation would constitute double counting.

Valuing Benefits

Approaches

- Stated Preferences
- Revealed Preferences
- Benefit Transfer