This course is concerned with the conceptual and empirical framework of project evaluation. The rationale and significance of project evaluation are discussed and the techniques and methods of evaluation projects are thoroughly investigated. Case studies are introduced and discussed.

I. Course Outlines

1. The concept of Project Evaluation

   Identification and Specification.
   The Rationale and Significance of Project Evaluation.
   Financial Analysis Vs. Economic Analysis

2. Commercial Profitability

   Basis for Commercial Profitability.
   Methods of Financial Valuation.
   Estimate of Financial Discount Rate
   (Private Opportunity Cost of Capital)
   Limitation of Commercial Profitability.
   Case Study: Valuation of Public Sector Companies

3. National Economics Profitability

   Rationale for Economic Analysis.
   Criteria for Economic Analysis (Cost-Benefit Analysis)
   National Parameters.
   - Social Discount Rate.
   - Shadow Foreign Exchange Rate.

4. Shadow Pricing

   Principles of Shadow Pricing.
   Shadow Prices and Commodity Market.
   Shadow Wage Rate and Labor Market.
   Shadow Exchange Rate and Foreign Exchange Market.
5. **Economic Benefits and Costs**

Identification of Economic Benefits and Costs.
Quantification of Indirect Benefits and Costs.
Limitations on Measuring Indirect Benefits and Costs.
Economic Profitability Statement.
Case Study: Water Treatment

6. **Economic Effects**

Value Added Effects.
Employment Effect.
Foreign Exchange Effect.
Indirect Effects.

7. **A Criterion for Project Evaluation**

Financial Vs Economic Evaluation.
Conflict Between Financial and Economic Analysis.
A Suggested Criterion.
Case Study.

**Schedule and Exams**

* Class Room  Jameel CP10
* Time:  M 7:30 – 9:55
* Office: BEC 1035
* Office Hours: M 6:30 – 7:30
  W 5:00 – 6:00

**Exams:**

<table>
<thead>
<tr>
<th>Exam I</th>
<th>March 12</th>
<th>30%</th>
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<tbody>
<tr>
<td>Exam II (Final)</td>
<td>May 14</td>
<td>30%</td>
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<tr>
<td>Presentation and Submission of Paper</td>
<td>May 7th</td>
<td>30%</td>
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Participation, Attendance, Assignments  10%
II. **Readings Lists**


