

## Training Programme CBA

Dutch experience in using CBA:  
large infrastructure projects

Geert Smit, April 18, 2007

Translating facts into vision

16 mei 2011  
Registratienr.

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## Content

- Background
- Development of OEI
- Key characteristics of CBA
- Link to Romania

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## Background-1 OEI

Research Programme Economic Effects of  
Infrastructure

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## Background-2

- Infrastructure projects: political choices based on limited CBA
- Limited consensus about contents of CBA
- No explicit procedural arrangements

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## Background-3

- Result: weak basis for decision making!
- Action: develop standardised approach
- Link to Romanian situation

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## OEI history

- 1990's: difficulties with evaluation of large infrastructure projects
- 1998: Development of Guideline
- 2002: Evaluation of Guideline
- 2003: Action programme Guideline for implementation of improvements
- 2004: Additions to the Guideline
- 2005: 'OEI bij MIT' simplified guideline for smaller projects
- 2006: Unit Support Economic Evaluation (SEE)

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## Main elements of OEI

- Survey of Effects:
  - definition effects/methods
  - broad list of *all* effects
  - discussion indirect effects
- Nine structured steps of CBA
- Procedural structure:
  - applied to all national infrastructure projects
  - 2-stage Survey of Effects

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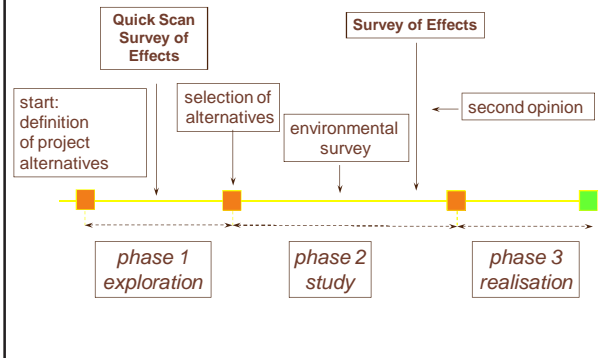
## OEEI segmentation of effects

Welfare estimate		National		Foreign countries
		Priced Redistribution / Efficiency	Non-priced Redistribution / Efficiency	
Causal estimate				
Direct effects	Operators	Operating profits	Uninsured risks	Journey time profits
	Users	Cheaper transport	Journey time profits, safety	Air pollution
	Third parties		Air pollution, noise	
Indirect effects		Effects on other modes Strategic effects	Congestion Regional inequality	Congestion Exchange rate impact

## OEI based on CBA: nine steps

1. Problem analysis: what do we want to solve
2. Project definition: design and alternatives, base case
3. Identifying project effects
4. Forecast relevant exogenous developments
5. Estimate and value project effects
6. Estimate investment and development costs
7. Producing a cost-benefit set-up
8. Alternatives and risk analysis
9. Additional tasks (PPP, ex post evaluation)

## Procedural structure




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## OEI evaluation: content related

- Dissemination of guideline knowledge
- Further detailing of guideline with respect to:
  - calculating indirect effects
  - methods for monetarisation of external effects
  - definition of reference scenario (not 'doing nothing')
- Uniform presentation of CBA outcome

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## Guidelines for smaller projects

### Accessibility

- Reliability/ efficiency
- Traffic numbers (persons and freight)
- Travel time



### Safety

- Traffic safety
- External safety

### Quality environment

- Air quality
- Noise
- Nature

### Costs

- Investment
- Maintenance
- Exploitation

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## Support Unit: SEE

- Ministry of Transport
- More and more attention for economic analyses
- For employees, project leaders, specialists
- For policy making, projects, maintenance
- OEI

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## Link to Romania

- Focus on critical role of CBA
- Need for standardisation
- Development of guidelines & common approaches
- Approach towards smaller projects
- Institutional support->Support Unit

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