



Introduction

OBJECTIVE OF THE COURSE

The school will focus on the ex ante appraisal (**Cost Benefit Analysis**) of investment projects asking for co-financing under Structural Funds, Cohesion Fund and Instrument for Pre Accession. The specific objectives are to present the methodology of Cost Benefit Analysis, to provide operational examples in the application of the methodology, to explain why Cost Benefit Analysis is one of the most important tools in the programming period 2007 – 2013 of the **Cohesion Policy**, and to practice on how to review a project's feasibility study. By the end of the course, participants will have acquired theoretical knowledge on the elaboration of a Cost Benefit Analysis and practical experience through the review and assessment of a case study.

METHOD

Apart from traditional training methods, used during the first half of the training (face-to-face presentations on the theory and the methodology of Cost Benefit Analysis, including concrete examples and extracts from application forms of projects asking for EU co-financing), an interactive and practical approach will be applied. After the closure of the morning sessions, **participants will work in 6 groups on project case studies, by practicing on how to review a feasibility study and how to report the results of their appraisal.** More in detail, training activities will rely on the following methodological methods:

- **Face-to-face lectures (morning).** These presentations will focus on the theory of Cost Benefit Analysis and the six analytical steps that a project examiner should consider for investment appraisal under the EU Funds: 1. Context analysis and Project objectives; 2. Project identification; 3. Feasibility and Option analysis; 4. Financial analysis; 5. Economic analysis; 6. Risk assessment. Presentations will be structured in such a way to provide for each step the methodological approach, some examples extracted from application forms, and a check list for the project appraiser.
- **Hands-on sessions (afternoon).** For the hand-on sessions participants will be divided in small groups and assigned a case study, a specific project they will analyse in depth. Some mistakes and pitfalls will be discovered by the participants themselves by reviewing the project description and the spreadsheets with main calculations, following a pre-established check list. The groups will prepare, by the end of the course, a brief technical note and a presentation to report their main findings. Discussions with the experts and the other groups will follow and each case study will be examined in a plenary session in order to shed light on how to improve the quality of the feasibility study. A Prize will be awarded to the best presentation at the School.
- **Project experiences of the participants.** The approach of the training will be strongly interactive. Participants are welcomed to bring their personal experiences with practical examples of projects they may had come across in their professional experience. This proves to be a good way to have a discussion on practical problems in the application of the methodology to Cost Benefit Analysis of Investment Projects asking for EU co-financing.



Programme

Tuesday 11 September

9:00-9:15	Welcome and registration.
9:15-10:45	Session 1: The key ingredients of a successful evaluation. Basic principles of CBA and its application for project appraisal and public decision investment. Demand analysis. <i>Massimo Florio (University of Milan)</i>
10:45-11:00	<i>Coffee break</i>
11:00-13:00	Session 2: The six steps for a good appraisal: Financial analysis. Inflow and outflow items to be considered for financial analysis, inflation, time horizon, discounted cash flow method, financial discount rate and calculation of financial performance indicators. <i>Davide Sartori (CSIL)</i>
13:00-14:30	<i>Lunch at Palazzo Greppi</i>
14:30-15:00	Division of participants into groups and launch of the case studies.
15:00-16:00	Hands-on workshop on demand and financial analyses.
16:00-16:15	<i>Coffee break</i>
16:15-18:00	Hands-on workshop on demand and financial analyses (cont).
20:00	Welcome dinner

Wednesday 12 September

9:15-10:45	Session 3: The six steps for a good appraisal: Economic analysis. The corrections for economic analysis, from market to shadow prices, evaluation of non-market impacts, externalities, and calculation of economic performance indicators. <i>Davide Sartori (CSIL)</i>
10:45-11:00	<i>Coffee Break</i>
11:00-13:00	Session 4: Focus – Revenue-generating projects; Grant modulation. CBA as the basis to calculate level of co-financing. Review of common mistakes in determining the EU grant and shortcomings in project appraisals. Reflection on revenue-generating projects. <i>Byron Kabarakis (European Commission)</i>
13:00-14:30	<i>Lunch at Palazzo Greppi</i>
14:30-16:00	Hands-on workshop on economic analysis.
16:00-16:15	<i>Coffee break</i>
16:15-18:00	Hands-on workshop on EU co-financing.



Thursday 13 September

- 9:15-10:45 **Session 5: The six steps for a good appraisal: Sensitivity and risk analysis.** Project appraisal under uncertainty, sensitivity test, probability distributions and risk assessment.
Silvia Vignetti (CSIL)
- 10:45-11:00 *Coffee Break*
- 11:00-13:00 **Session 6: Focus – Methods for Economic analysis of energy projects.** CBA considerations over the energy sectors: applied methodology
Francesco Angelini (European Investment Bank)
- 13:00-14:30 *Lunch at Palazzo Greppi*
- 14:30-16:00 **Hands-on workshop on sensitivity and risk analysis.**
- 16:00-16:15 *Coffee break*
- 16:15-18:00 **Hands-on workshop: preparation of case studies reporting and presentations.**

Friday 14 September

- 9:15 -10:45 **Presentations of groups' results and discussion with experts.** Groups presentations on final results of the workshops: how to review feasibility studies, how to provide comments on their quality. Discussion on workshops' results, including debate on problems faced by the participants during the exercises and possible solutions. Recommendations on how to improve the methodological quality of a feasibility study.
Plenary session (Ugo Finzi, Massimo Florio, Silvia Maffii, Davide Sartori, Silvia Vignetti)
- 10:45 -11:00 *Coffee Break*
- 11:00 -12:30 **Presentations of groups' results and discussion with experts (cont).**
- 12:30-13:00 **Closure and issuing of certificates.**

List of Case Studies

- 1. Water supply**
- 2. Solid Waste**
- 3. Railway**
- 4. Motorway**
- 5. RTD centre**
- 6. Urban regeneration**



Experts

All lecturers invited have participated in the preparation of the new edition of the *Guide to Cost Benefit Analysis of Investment Projects* adopted by the European Commission, DG Regional Policy.

- **Francesco Angelini** is a Solid Waste and Energy Economist working for the EIB/JASPERS initiative. He has particular responsibility for cost-benefit analysis (CBA) of major investment projects financed by the Structural and Cohesion Funds in the solid waste and energy sectors in the Central and Eastern EU Member States. He previously worked at the European Commission, with the Evaluation Unit of the Directorate-General for Regional Policy, where he wrote the Commission's guidance document on CBA (working document N.4) and managed the contract for the 2008 update of the *Guide to Cost-Benefit Analysis of Investment projects*. He holds a degree in Economics and International Institutions Management from Università Bocconi and a Master's degree (MSc.) in Project Analysis, Finance and Investment from the University of York.
- **Massimo Florio** is Professor of Public Economics and President of the Evaluation Committee at Università degli Studi di Milano. He has also been awarded by the European Commission a Jean Monnet Chair of Economics of European Integration. His main research interests are in welfare economics, cost-benefit analysis, industrial and regional policies, infrastructure and growth, regulation and privatisation. Recent publications include: *"The great divestiture. Evaluating the welfare impact of British privatisation, 1979-1997"* MIT Press (2004), *"Cost-Benefit Analysis and Incentives in Evaluation. The Structural Funds of the European Union"* Edward Elgar (2007) and the EC *"Guide to Cost-Benefit Analysis of Investment Projects"* (2008), *"Public Investment, growth and fiscal constraints: challenges for the EU new Member States"* Edward Elgar (2011), as well as several papers in international journals. He has been involved in evaluation and advisory activities for the European Parliament, the European Commission (mainly DG Regional Policy), the OECD, the World Bank and other institutions. He was the Scientific Director of 2011 edition of the Milan Summer School.
- **Byron Kabarakis** Senior administrator responsible for co-ordination of major projects in the Regional Policy Directorate-General of the European Commission (DG REGIO). He is heading a team of experts who provide guidance and support in DG REGIO for the appraisal of major projects submitted to the Commission. His work focuses on issues relating to the development of infrastructures, CBA analysis, project documentation, application of EU rules, guidance on ERDF and Cohesion Fund assistance and the development of tools and mechanisms for project monitoring and financial reporting. In 2007, he coordinated the negotiations on the Greek development strategy for the programming period 2007-13 and followed the implementation of Greece's National Reform Programme. Before joining DG REGIO in 2005, he worked in the Internal Market Directorate-General developing new policies to foster economic growth and Internal Market integration. Born in Greece, he studied economics and holds an MBA from KUL Leuven. He joined the European Commission in 1994.
- **Silvia Maffii** is managing director at TRT Trasporti e Territorio. She is a senior expert in transport economics and planning, with a long record of feasibility studies, cost-benefit analysis as well as development and application of methodologies and models for cost benefit analysis of transport projects. She participated in the preparation of the *Guide to Cost-benefit Analysis of Investment Projects*, on behalf of the European Commission, DG Regio, and to the preparation of Guidelines for transport projects appraisal for Northern Dimension and Traceca. She has a long record of experience in project leadership and management in both domestic and international studies, and has served as key expert in research and service projects for the European Commission and international organisations. She has been involved in topics as policy assessment, land use impact assessment, sustainable mobility indicators, socio-economic and environmental impacts of transport investment and policies.
- **Davide Sartori** holds a degree in economics and management of public administration and international institutions from Bocconi University (Milan). In 2006, he carried out in the field a cost-effectiveness analysis of a healthcare project in Vietnam, collaborating with the World Health Organisation. In July 2007 he joined CSIL, Milan, where he is a Partner and Project Coordinator, Evaluation Unit. He is a specialist in the evaluation of operational planning documents and development programmes and in the financial, economic and risk analyses of infrastructural projects. He is one of the authors of the *Guide to Cost Benefit Analysis of Investment projects* recently adopted by the European Commission. He is expert conducting training on cost-benefit analysis for EU civil servants at EIPA, European Institute of Public Administration of Barcelona, and has had several training experiences with DG Regio officers, New Member States public officers and post graduate students in Milan. He coordinated the 2011 edition of the Milan Summer School. Finally, he advises the European Commission, DG Regio, by reviewing the application forms of Italian major projects asking for EU co-financing for the current programming period (2007-2013).
- **Silvia Vignetti** is Director of the Evaluation Unit at CSIL. She holds a degree in Economics from Bocconi University and after a traineeship at the UNESCO she started her research activity at CSIL in the economic and financial analysis of public investments projects (cost-benefit analysis). She worked, on behalf of the European Commission, DG Regio, on the preparation of the *Guide to Cost-benefit Analysis of Investment Projects* and she has been involved in the technical assistance of the *"Municipal Support Programme for North-Eastern Serbia"* for the draft of feasibility studies of investment projects in the field of water supply. She has also had teaching appointment fellowship at the University of Milan in Macroeconomics, Economics of European Integration and Cost-benefit analysis. Finally, she advises the European Commission, DG Regio, by reviewing the application forms of Italian major projects in the transport and environment sector asking for EU cofinancing under for the current programming period (2007-2013).

	Day 1	Day 2	Day 3	Day 4
Morning sessions	The key ingredients of a successful evaluation <i>Massimo Florio</i>	The six steps for a good appraisal: Economic analysis <i>Davide Sartori</i>	The six steps for a good appraisal: Sensitivity and risk analysis <i>Silvia Vignetti</i>	Presentations of workshop results and discussion with experts. <i>Plenary session</i>
	<i>Coffee break</i>			
	The six steps for a good appraisal: Financial analysis <i>Davide Sartori</i>	Focus: Revenue-generating projects; Grant modulation <i>Byron Kabarakis</i>	Focus: Methods for economic analysis of energy projects <i>Francesco Angelini</i>	Presentations of workshop results and discussion with experts. Closure and issuing of certificates
	<i>Lunch</i>			
Afternoon sessions	Division into groups and launch of case studies	Hands-on workshop on economic analysis	Hands-on workshop on sensitivity and risk analysis	
	<i>Coffee break</i>			
	Hands-on workshop on demand and financial analysis	Hands-on workshop on EU co-financing	Hands-on workshop: preparation of case studies reporting and presentations.	

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