Universitat de les Illes Balears

# Teaching guide

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|---|---|
| Academic year | 2015-16 |
| Subject | 11490 - Economic Principles of Evaluation |
| Group | Group 1, 1S |
| Teaching guide | A |
| Language | English |

## Subject identification

| | |
|---|---|
| **Subject** | 11490 - Economic Principles of Evaluation |
| **Credits** | 0.72 de presencials (18 hours) 2.28 de no presencials (57 hours) 3 de totals (75 hours). |
| **Group** | Group 1, 1S (Campus Extens) |
| **Teaching period** | First semester |
| **Teaching language** | English |

### Professors

| Lecturers | Horari d'atenció als alumnes | | | | | |
|---|---|---|---|---|---|---|
| | Starting time | Finishing time | Day | Start date | Finish date | Office |
| Catalina Maria Torres Figuerola<br>cati.torres@uib.es | 12:00 | 13:00 | Wednesday | 01/09/2015 | 07/02/2016 | Tutories electròniques |
| | 12:00 | 13:00 | Wednesday | 08/02/2016 | 29/07/2016 | DB-256 (cita previa per email) |

## Contextualisation

The aim of the course is to make students familiar with basic concepts and economic principles underlying project appraisal. In this sense, they will learn about the difference between efficiency and (intra- and intergenerational) equity, the implications of market failures in environmental settings, the difference between market price and market value, the basics of cost-benefit analysis and cost-efficiency analysis, future discounting, and the importance of considering risk, uncertainty and irreversibility issues in environmental decision-making.

## Requirements

### Essential requirements

There are no essential requirements for the course.

### Recommendable

Microeconomics background is recommendable.

## Skills



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### Specific

* CE4 – To be able to contribute to the planning, monitoring and evaluation of policies, programmes and projects oriented towards the improvement of the competitiveness and sustainability of a tourism company, destination or region..
* CE6 – To be able to identify the key indicators used to monitor and evaluate projects within the tourism environment..
* CE7 – To be able to collect, generate, process and analyse statistical data to support monitoring and evaluation activities..

### Generic

* CG2 – To develop an innovative capacity by applying the acquired knowledge to the resolution of problems in new environments related to the tourism sector..
* CG6 – To understand the importance of working with rigor and a vision of future to improve the wellbeing of society achieving a sustainable tourism development..
* CG7 – To acquire specialized knowledge about the tourism system to make it possible to face challenges and provide solutions..

### Basic

* You may consult the basic competencies students will have to achieve by the end of the Master's degree at the following address: http://estudis.uib.cat/master/comp_basiques/

## Content

### Theme content

Unit 1. What's efficiency' Market failures in environmental settings
- 1.1 Environmental functions and services
- 1.2 Problem: 'un-priced' goods and services
- 1.3 Market failures

Unit 2. Correcting for market failures: the value of the environment
- 2.1 Why to value?
- 2.2 Ethical dilemmas on economic valuation
- 2.3 Total economic value
- 2.4 Limits to the analysis

Unit 3. Efficiency versus equity
- 3.1 Market value and property rights
- 3.2 Property rights and intra- and intergenerational equity

Unit 4. What's cost-benefit analysis'
- 4.1 Kaldor-Hicks compensation principle
- 4.2 Stages in CBA
- 4.3 Cost-efficiency analysis

Unit 5. From financial to social CBA



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5.1 Investment criteria

5.2 Financial versus economic analysis

5.3 Social issues

Unit 6. Future, risk, uncertainty and irreversibility

6.1. Introduction

6.2. Discounting the future

6.3. Risk, uncertainty and irreversibility

## Teaching methodology

### In-class work activities

| Modality | Name | Typ. Grp. | Description | Hours |
|---|---|---|---|---|
| Theory classes | Theory classes | Large group (G) | Master classes to acquire knowledge about the economic principles underlying project appraisal. Students will also be given information about the bibliography and didactic material to be used to complement the theoretical units. | 10 |
| Practical classes | Practical classes | Large group (G) | To put into practice the acquired theoretical knowledge and apply it to specific situations, both different case studies will be analysed and some exercises will be carried out during these classes. | 6 |
| Assessment | Final exam | Large group (G) | Knowledge acquired by students during the whole course will be object of assessment. | 2 |

At the beginning of the semester a schedule of the subject will be made available to students through the UIBdigital platform. The schedule shall at least include the dates when the continuing assessment tests will be conducted and the hand-in dates for the assignments. In addition, the lecturer shall inform students as to whether the subject work plan will be carried out through the schedule or through another way included in the Campus Extens platform.

### Distance education work activities

| Modality | Name | Description | Hours |
|---|---|---|---|
| Individual self-study | Studying and reading | It consists of preparation of the course involving the study of the theoretical issues,<br>analyses of case studies and readings. | 40 |
| Group self-study | Discussion of topics | It consists of the discussion with colleagues of theoretical issues,<br>analyses of case studies and readings. | 17 |



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## Specific risks and protective measures

The learning activities of this course do not entail specific health or safety risks for the students and therefore no special protective measures are needed.

## Student learning assessment

### Theory classes

| | |
|---|---|
| Modality | Theory classes |
| Technique | Observation techniques **(non-retrievable)** |
| Description | Master classes to acquire knowledge about the economic principles underlying project appraisal. Students will also be given information about the bibliography and didactic material to be used to complement the theoretical units. |
| Assessment criteria | Students can get up to a 10% of the final grade if they attend and participate in all the classes. This does not mean they will get it automatically only if they attend the classes. They will have to be involved in the classes to be able to have the chance of getting up to this 10%. |

Final grade percentage: 10%

### Practical classes

| | |
|---|---|
| Modality | Practical classes |
| Technique | Short-answer tests **(non-retrievable)** |
| Description | To put into practice the acquired theoretical knowledge and apply it to specific situations, both different case studies will be analysed and some exercises will be carried out during these classes. |
| Assessment criteria | As students have four 4-hours lecture slots before the final exercise, they will have this type of assessment four times during the course. They can get up to a 10% of the final grade in each assessment. Their understanding of the theory explained during the class will be assessed. Students will be allowed to use their didactic material, notes and bibliography during the assessments. |

Final grade percentage: 40%

### Final exam

| | |
|---|---|
| Modality | Assessment |
| Technique | Short-answer tests **(retrievable)** |
| Description | Knowledge acquired by students during the whole course will be object of assessment. |
| Assessment criteria | Students will have to either analyse a case study/text or do some exercises related to what they have been taught during the classes. A case study might be used as a reference text. Their understanding of the theory, or their |



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ability to apply it when analysing the case study, will be assessed. Students will be allowed to use their didactic material, notes and bibliography during the assessment

Final grade percentage: 50%

## Resources, bibliography and additional documentation

### Basic bibliography

Pearce, D., Atkinson, G. and Mourato, S. (2006). Cost-benefit analysis and the environment. Recent developments. OECD Publishing, Paris.
Perman, R.; Ma, Y.; McGilvray, J.; Common, M. (2003). Natural resource and environmental economics. Harlow, England: Pearson/Addison Wesley.
Pearce, D.W.; Turner, K. (1990). Economics of natural resources and the environment. Baltimore, US: The Johns Hopkins University Press.
Hanley, N.; Shogren, J.; White, B. (2013). Introduction to environmental economics. Oxford: Oxford University Press (second edition)

### Complementary bibliography

EPA (2010). Guidelines for Preparing Economic Analysis. United States. Environmental Protection Office.
Zerbe, R.O. and D.D. Dively (1994). Benefit-Cost Analysis in Theory and Practice. Harper Collins, New York.
Kolstad, C.D. (2000). Environmental Economics. New York, Oxford: Oxford University Press.
Callan, S.J.; Thomas, J.M. (2010). Environmental Economics and Management: Theory, Policy, and Applications. South-Western College Pub



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