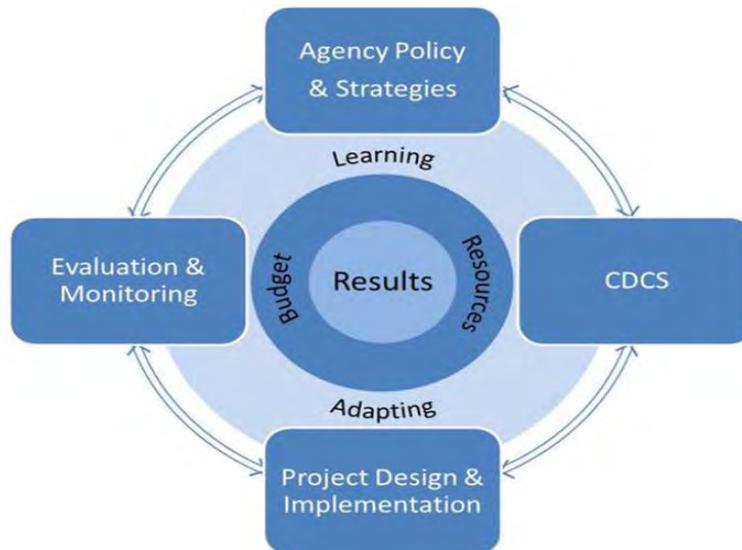


How to Use Cost Benefit Analysis throughout the Program Cycle:



Cost-benefit analysis can be useful throughout the program cycle. The application of CBA differs depending on the stage in question, but when applied correctly can be used as follows:

CDCS:

- CBA quantifies the development hypothesis
- Improves understanding of the economic incentives of partners and stakeholders

Project Design & Implementation:

- CBA provides information for credible and accountable decision making
- Improves resource allocation by targeting investments with the highest development returns
- Ensures project or activity has net positive impact on economic welfare
- Shows who benefits by sector, gender, income level, etc.
- Establishes realistic project-level targets, and assesses the risks an intervention faces
- Emphasizes sustainability from the start of the project

Evaluation & Monitoring:

- Allows project managers to determine whether targets are met at any stage of the intervention
- Ensures that costs of the intervention stay in line with expected expenditures and outcomes
- Facilitates redesign of projects so that the maximum benefit can be realized
- CBA allows ex-post impact to be evaluated against baseline scenarios and ex-ante projections
- Clearly lays forth ex-ante assumptions, which can be tested against the actual outcomes

Agency Policy & Strategies:

- Informs future project designs
- Offers evidence on whether agency policy and strategic vision are materialized in interventions