

University of London

**EXAMINATION FOR INTERNAL STUDENTS**

For The Following Qualifications:–

*Coll Dip   Grad Dip   M.Sc.*

**ESGM4: Methods of Economic Analysis, Appraisal and Evaluation**

**COURSE CODE : ENVSGM04**

**DATE : 21-MAR-05**

**TIME : 10.00**

**TIME ALLOWED : 3 Hours**

**PAPER ENVSGM04: Methods of Economic Analysis, Appraisal and Evaluation**

**DURATION: 3 Hours.**

**This paper consists of ten questions. Answer THREE questions only. All questions carry equal marks.**

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1. In the justification for a public sector investment in an urban public transport project, what would you consider to be the most important sources of market failure?
2. In the implementation of public sector investment projects and new public policies, what are the factors that lead to a difference between gross and net additionality?
3. Why are both national governments and city administrations often cautious as well as enthusiastic about accepting foreign direct investments in local industries?
4. "In Cost Benefit Analysis, correct valuation is all". Discuss.
5. What are the considerations that an analyst must review in choosing a rate of interest with which to discount the costs and benefits of a public sector housing investment?
6. Critically assess the application of the technique of Contingent Valuation Analysis to assist in the appraisal of (a) expenditure on a 6 hectare urban public park; and (b) the introduction of a new health-care advice service in the city to mothers with a child or children under the age of one year?
7. Compare the arguments for and against the use of the following criteria in reaching a decision on an investment proposal: a payback period, a target rate of return, the net present value, and the internal rate of return.
8. Compare the advantages and disadvantages in using primary and secondary sources of data in the evaluation of a government financial subsidy scheme designed to assist small businesses.
9. In making the case for a major investment in a piped water supply to 50,000 urban households currently dependent upon commercial water carriers, how would you distinguish the criteria of effectiveness from those of efficiency and equity?
10. What might be the externalities associated with an investment in the extension of a sea port for cargo containers on the edge of a large city, and how might they be valued?

**END OF PAPER**