RESOURCE

Guidelines for the Economic Analysis of Projects

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Description / Abstract

Project economic analysis aims to ensure that scarce resources are allocated efficiently, and investment brings benefits to a country and raises the welfare of its citizens. It is a tool used by ADB to ensure that ADB operations comply with its Charter. The guidelines in this publication are a revised version of the 1997 edition. The revision responds to the changing development context and ADB operational priorities, and aims to address the recommendations of the ADB Quality-at-Entry Assessments for more methodological work on project economic analysis. The revised guidelines provide general principles for the conduct of project economic analysis, and should be read together with handbooks, technical reports, and other reference materials published by ADB dealing with sector-specific project economic analysis in detail.

The revised guidelines incorporate a number of changes from the 1997 edition that include

- revised minimum required economic internal rate of return (EIRR) for investment decisions,
- several issues that have emerged or become more important since the adoption of the 1997 edition, including economic analysis under various financing modalities, the treatment of the social cost of carbon, and economic analysis of regional economic cooperation projects
- a new chapter on benefit valuation by sector which details the method for valuing project benefits in major sectors of ADB operations.

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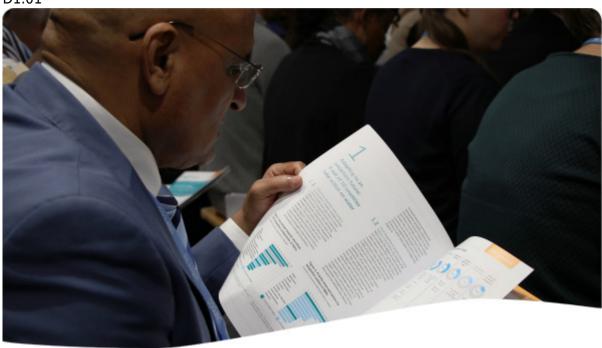**Thematic Tagging**
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