

**DO NOT REMOVE THE QUESTION PAPER FROM THE EXAMINATION HALL**

**UNIVERSITY OF LONDON**

CENTRE FOR FINANCIAL AND MANAGEMENT STUDIES

*MSc Examination*

*Postgraduate Diploma Examination*

**91DFMC375**

PUBLIC POLICY & MANAGEMENT  
PUBLIC FINANCIAL MANAGEMENT

**Project Appraisal**

*Specimen Examination*

---

*This is a specimen examination paper designed to show you the type of examination you will have at the end of this module. The number of questions and the structure of the examination will be the same, but the wording and requirements of each question will be different.*

The examination must be completed in **THREE** hours. Answer **THREE** questions.

The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions.

You should, where possible, illustrate your answers with references and/or practical examples from the module and from your own experience.

**PLEASE TURN OVER**

Answer **THREE** questions; at least **ONE** from **EACH** section. Answer **ALL** parts of multi-part questions.

## Section A

*(Answer at least ONE question from this section)*

1. Explain the discounted cash flow methods of project appraisal in the private sector. Why is discounting an important component part of the calculations that are made to appraise net benefits of an investment project?
2. Explain how changes of working capital are taken into account in the accurate estimation of the Net Cash Flow of a project.
3. Outline the main stages of a Social Cost–Benefit Analysis (SCBA) with reference to a project appraisal with which you are familiar.
4. Suggest an appropriate methodology to value **each** of the following project impacts:
  - a) a tourism project that attracts more visitors to a national park
  - b) a highway project that generates increased traffic noise and air pollution in the vicinity of the highway
  - c) a dam project that floods a valley which results in the loss of unique prehistoric archaeological sites.

For each impact you should select a different methodology. Your answer should emphasise the strengths and weaknesses of your chosen methodology in relation to the project impact being discussed.

## Section B

(Answer at least **ONE** question from this section)

5. Assess the main strengths and limitations of Social Cost–Benefit Analysis (SCBA) for the project appraisal of public sector investment projects.

Use examples from relevant projects to illustrate your analysis.

6. Identify and discuss the main issues encountered in the appraisal of large projects (*megaprojects*).

What actions can project analysts and decision makers take to try to prevent or mitigate some of the risks and uncertainties generally attached to such projects?

7. Explain how the techniques of SCBA can be applied to a sector with which you are familiar. Your analysis should emphasise the special problems and difficulties of using the technique in your chosen sector.

8. Critically assess the limitations of Social Cost–Benefit Analysis (SCBA) in the evaluation of non-economic values in relation to environmental issues and sustainable development, considering particularly:

- a) the limited consideration given to distributional equity
- b) its vulnerability to political influence.

**[END OF EXAMINATION]**