

Risk analysis of major transport investment projects co-financed with EU funds

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Introduction

Risk Analysis (RA) within Cost-Benefit Analysis (CBA)

Marko Kristl - Michel Gaspard



European Commission



European Bank
for Reconstruction and Development

Risk Analysis as part of Project Feasibility Study, basis of Funding Application

Feasibility Study

- A1- Executive Summary
- A2- Socio-economic context
- A3- Supply and Demand for the Project's outputs
- A4- Technological alternatives and production plan
- A5- Human resources
- A6- Location
- A7- Implementation
- A8- Financial analysis
- A9- Socio-economic Cost-benefits analysis
- A10- Risk Analysis**

Funding Application

- A.ADDRESSES AND REFERENCES
- B.PROJECT DETAILS
- C.RESULTS OF FEASIBILITY STUDIES
- D.TIMETABLE
- **E. COST-BENEFIT ANALYSIS**
- F. ANALYSIS OF THE ENVIRONMENTAL IMPACT
- G.JUSTIFICATION FOR THE PUBLIC CONTRIBUTION
- H.FINANCING PLAN
- I. COMPATIBILITY WITH COMMUNITY POLICIES AND LAW
- J. ENDORSEMENT OF COMPETENT NATIONAL AUTHORITY
- ANNEX I DECLARATION BY AUTHORITY RESPONSIBLE FOR MONITORING NATURA 2000 SITES
- **ANNEX II – COST-BENEFIT ANALYSIS**

Don't mix...

- Sensitivity analysis (final part of socio-economic CBA):
 - evaluation of impacts of important parameters on Project “performance indicators” (results of economic & financial analysis): ENPV, FNPV, ERR, IRR
 - determination of “critical parameters” having the strongest impact on Project performance indicators
 - determination of “switching values” of critical parameters
- Risk analysis: deals with probability distributions of critical parameters and performance indicators

What  **Jaspers** *can bring at project level*
Joint Assistance to
Support Projects in European Regions

- Organisation of a one-day Workshop on Project Risk analysis with members of the Project Team and Consultants in charge of the Feasibility study:
 - identification of the list of risks relevant to the Project
 - assessment of probably of risk, probably distribution and costs associated to each particular risk
 - calculation of resulting statistical distribution of Project performance indicators (ERR, ENPV)
- Inclusion of results of Risk analysis into the CBA report