

## **GLOSSARY**

1. Benefit Cost analysis :

This is a structured tool for helping decide on the best policy option to achieve an objective. This is based on the premise of maximizing benefits and minimizing cost.

2. Present value determination :

This is a correction factor to account for opportunity cost of money.

3. Inflation Correction :

This is a correction factor to adjust for general price level.

4. Social discount :

This reflects rate of return that could be realized through private spending on consumption and investment, assuming the same level of risk.

5. Consumer price index :

This is a measure of changes in purchasing power of a currency and rate of inflation.

6. PVB (Present Value of Benefits) :

Time adjusted magnitude for incremental benefits.

7. PVC (Present Value of Costs) :

Time adjusted magnitude of costs.

8. Discount Rate :

Very important variable in determining the present value.

9. Allocative Efficiency :

Maximize the present value of net benefits.

10. Cost effectiveness :

Minimize the present value of costs