Cost/Benefit Analysis in the Research, Development and Innovation Sector

The measurement or assessment of the cost/benefit of research, development and innovation (RDI) infrastructure is notoriously difficult. And yet global policy discussions increasingly focus on innovation and the knowledge economy as a driver for long-term sustainable growth. A multitude of methods and indicators are used to study socio-economic impacts. The current methodology within the Bank is conservative and aligned to DG Regio’s “Guide to cost/benefit analysis of investment projects”. However, this document is itself deficient in its explanation of the RDI sector.

To fill the gap initially, the JASPERS team commissioned a consultant to work with the Czech authorities on development of a CBA Guide for R&D infrastructure. A couple of years of practical experience using this guidance has enabled the development of a good database, an overview of trends in the sector and an understanding of the value and limitations of the current guide.

An internal review of the guidance has further developed the understanding of the range of appropriate monetised values associated with the guidance, but has also revealed what is needed to further develop the guidance.

At the same time, the global interest in CBA in the sector has rocketed and there are many more studies of the sector than when the first guide was developed, carried out by both the management of major research facilities and specially developed forums on the subject (a good example would be FenRIAM (http://www.fenriam.eu/ or http://www.fenriam.eu/doc/FenRIAM%20full%20guide.pdf)).

The aim of the project is to build on the current internal review and produce a model which is academically credible, robust but at the same time easy to apply and easy to assess. In order to achieve this, the research team will have to review the current state-of-the-art literature in the field, assess willingness-to-pay models from Member States in relation to the various benefits which typically accrue from such projects, develop an understanding of market values where applicable associated with such potential benefits, and develop an understanding of the typical type of RDI infrastructure projects that come forward for funding. All of this will be within an appropriate theoretical framework.

**Deliverables:**
The university research centre receiving support under the EIBURS would be expected to set up a research programme focused on reviewing existing methodologies and forecasts of infrastructure investment needs, and to develop a unified methodology for forecasting cost/benefits for use within the Bank and by others (ideally project proposers). As this is a three-year study, the applicants are encouraged to propose timelines for the delivery of interim data. The project may involve any additional activity that the university centre would be ready to undertake with the sponsorship in the line of research, including:

- Organisation of courses, summer schools, conferences and seminars
- Creation of databases
- Surveys

This project should be complementary to any CBA guidance developed or updated by the major European institutions.
Related information:

- Project: [www.eiburs.unimi.it](http://www.eiburs.unimi.it)
- University: [www.unimi.it](http://www.unimi.it)

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