

COST-BENEFIT ANALYSIS - METHOD OF ASSESSING PUBLIC INVESTMENT

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Abstract

Decision "to invest or not" in the public interest is based on cost-benefit analysis (CBA). Cost-benefit analysis is a method of substantiation for investment decision. On this line, the paper aims to answer the following questions: Which are the stages of cost-benefit analysis? Which are the indicators used in determining the efficiency of investment? Which are the limits of economic efficiency indicators?. The answer to these questions was based on the analysis and evaluation of investment projects in energy, calculating the following indicators: the total investment, payback period, net actualized value, annual benefits, annual cost, cost / benefit ratio, internal return. The analysis calculated of indicators highlights the advantages and disadvantages of using CBA in the theory of public investment decisions.

Keywords: investment, cost benefit analysis, indicator
