Summary Table: Economic Parameters and Conversion Factors

This table summarizes key economic parameters and conversion factors provided by the National Treasury of South Africa for use in infrastructure project feasibility studies.

Category	Parameter	Description
Shadow Prices	Labor Shadow Price	Adjusted value of labor to reflect opportunity cost, often lower than market wage in high unemployment areas.
Shadow Prices	Capital Shadow Price	Reflects the economic value of capital inputs, adjusted for market distortions.
Conversion Factors	Traded Goods Conversion Factor	Used to adjust market prices of imported/exported goods to reflect economic value.
Conversion Factors	Non-Traded Goods Conversion Factor	Adjusts prices of locally consumed goods and services to reflect opportunity cost.
Discount Rates	Social Discount Rate	Recommended rate (e.g., 8.38%) used to evaluate long-term infrastructure investments.
Inflation Adjustments	Inflation Forecasts	Applied to cost estimates based on Treasury's macroeconomic projections.
Inflation Adjustments	Escalation Factors	Used to adjust future costs for inflation during project lifecycle.