

Annex V: Assessment of cost and benefits of doubling the funding intensity

The latest estimations available¹ show that the external effects of road transport are calculated in €12 for every 500 tkm, whereas this value is €2 for shipping, €3.35 for railways and €4.95 for inland waterways. Therefore the benefits that society gets from each 500 tkm shifted from road to sea are €10, from road to rail €8.65 and from road to inland waterways €7.05. In all cases it is much bigger than the proposed €2 per 500 tkm.

Taking into account the modal split in the modal shift proposed by the projects supported in the past by the first Marco Polo programme (41% short sea shipping, 3% Inland waterways, 56% rail) the weighted average of the external effects saved by tkm shifted has been €9.15 in the first Marco Polo programme. These external benefits of the first Marco Polo programme compare to the assessment of the Ex ante Evaluation of Marco Polo II (2001-2013) by Ecorys, June, 2004, where the average external benefits per Euro of subvention were estimated in €15 for Marco Polo I and €6.07 for Marco Polo II.

In the assessment of the costs and benefits resulting from the doubling of the maximum funding intensity it is necessary to consider the inherent extra cost derived from the projects which would be presented even if the funding intensity would not be raised.

The provisional results of the Marco Polo call 2008 can give an idea of the results of the forthcoming call if the funding intensity was left unchanged. For 2008 the projects selected are proposing a total modal shift of 15.6 billion tkm. Since the €2 per 500 tkm is a maximum value, the selection of projects for 2009 would have to adapt this value to the total tkm of modal shift or traffic avoidance proposed by the projects presented so as to maximise the amount of tkm with the available budget.

The maximum aim of the call would be to select projects proposing a total modal shift of 25 billion tkm, entailing a 60% increase over 2008, so as to finally achieve a substantial part of 20 billion tkm, which is the goal set in the Regulation. Given the available budget for projects of around €60 million, this would allow a maximum funding intensity of €1.2 per 500 tkm. On the other hand, the minimum result expected with the doubling of the funding intensity is to obtain new projects representing 20% of the subvention requested in 2008. This would entail a proposed total modal shift of 19 billion tkm, which given the €60 million budget would allow a maximum funding intensity of €1.6 per 500 tkm.

Taking the above calculations into account a comparative analysis can be done of the two possible scenarios, showing that in case of a 60% increase in the requested subvention, the net positive results of raising the funding intensity would amount to €66 million. In case that the subvention requested would raise only in 20%, then the net positive results of raising the funding intensity would amount to €14 million. This means that raising the funding intensity would be always reasonable in normal circumstances, where the increase in the funding requested would increase between 20% and 60%. This is shown in the following table.

¹ JRC-IPTS Seville using the TREMOVE model for 2010 on the basis of Handbook for internalisation of external costs data and methodology (2008).

Comparative table of monetary effects of doubling of funding intensity

	Actual results of selection 2008 max € /500tkm	Forecasted results of selection 2009 max € /500tkm	Forecasted maximum results of selection 2009 max € /500tkm 60% increase	Forecasted minimum results of selection 2009 max € /500tkm 20% increase	Incremental results	
					Max.	Min.
Proposed total modal shift (A)	15.6 bn tkm	15.6 bn tkm	25 bn Tkm	19 bn tkm	9.4 bn tkm	3.4 bn tkm
Budget available (B)	€6 million	€0 million	€0 million	€0 million	€0 million	€0 million
Maximum possible funding intensity (A)/(B)=(C)	€1/500 tkm	€1/500 tkm	€1.2/500 tkm	€1.6/500 tkm	€0.2/500 tkm	€0.6/500 tkm
External costs saved (A)*€0.15/500 tkm		€85 million	€57 million	€48 million	€72 million	€3 million
Incremental costs for old projects 15.6 bn* (C)					€6 million	€19 million
Results of the increase in funding intensity					€66 million	€44 million