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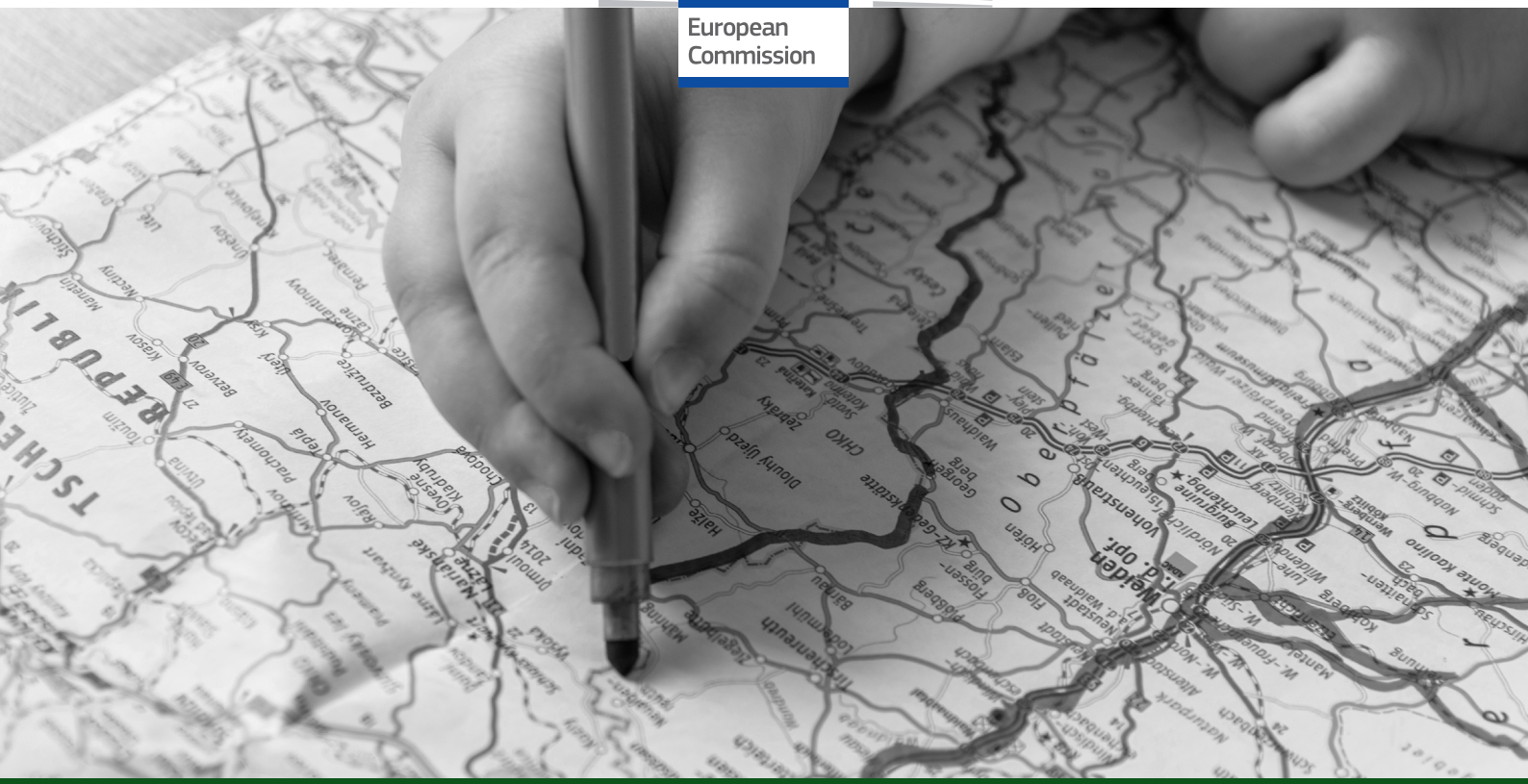

March 2022

CBA Guidance

Scope of the CBA in the framework of the CEF transport

European Climate, Infrastructure and Environment Executive Agency

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Acknowledgment and disclaimer

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I – Introduction

Choosing the proper scope for the economic and financial analysis, and accurately identifying the relevant cash flows[1] can be challenging. Cost-benefit analyses submitted as part of CEF applications occasionally show too wide (including irrelevant cash flows) or too narrow scopes (excluding relevant cash flows).

Typical mistakes are not including in the economic analysis costs that are relevant but not borne directly by your organisation and not including in the financial analysis revenues generated by inter-related dependent components or services.

This can happen because there is no general rule applicable to all cases: defining the appropriate scope involves a certain degree of judgment as projects have different objectives and different effects.

This note provides 3 objective guiding principles that will help you identify the most appropriate scope for your cost-benefit analysis:

1. Establishing the self-sufficient unit of analysis as the principle to define the minimal scope of the cost-benefit analysis.
2. Adjusting the scope of the analysis, considering necessary and inter-related components.
3. Adding elements such as the direct effects and the broader network effects.

Therefore, the definition of the scope of the cost-benefit analysis is presented as an iterative/sequential process in three steps with cumulative adjustments starting from the project, i.e. the proposed set of investments for which the CEF support is requested.

This document builds on the DG REGIO *Guide to CBA of Investment Projects* (2014)[2] and should be read in conjunction with it because it provides the general reference to the preparation of a cost-benefit analysis. Definitions in this guidance are therefore kept to a minimum. The reader can use as additional background material the *Economic Appraisal Vademecum* (EAV) released by DG REGIO in 2021.[3] In line with the EAV, the guidance provided in this note focuses mainly on economic appraisal. Issues related to financial appraisal are covered (and only to a limited extent) in a dedicated final section of this document. The note also includes several examples, which were elaborated taking stock of the lessons learned in the evaluations of applications submitted to the 2014-2021 CEF programme.

[1] The generic term "cash flow" is used in the note to refer without distinction to any flow expressed in monetary values and included in the financial and economic analysis.
[2] https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cba_guide.pdf
[3] https://ec.europa.eu/regional_policy/sources/docgener/guides/vademecum_2127/vademecum_2127_en.pdf

Finally, the note discusses some specific issues related to the time frame of the analysis, including the conditions for accepting pre-existing cost-benefit analyses already submitted to previous CEF calls for proposal.

II - Content of the economic analysis

The cost-benefit analysis is a microeconomic tool designed to assess a project's net impact on society in terms of wellbeing. It must reflect all direct effects of the project. Indicatively, they can be grouped in the following categories:

- Investment costs – including both the initial investment and the replacement costs during the entire period of analysis, and their corresponding residual values;
- Benefits for transport users ("consumer surplus") – related to the benefits of using the goods or services provided in all affected transport modes. Typically, these will include savings in travel times and costs for users;
- Operating costs and revenues ("producer surplus") – the amount by which the producers benefit from producing and selling a quantity of a product. Typically, this may include cost savings for commercial freight vehicles or cost optimisation by public transport suppliers (e.g. due to faster commercial times or reduced travel distances);
- Externalities – spill over effects from the project towards third parties (neither consumers nor producers), for which no monetary compensation is provided. Examples are environmental effects (air and noise pollution, climate change, etc.) or positive externalities such as prevention of fatalities, injuries or accidents.

For a more detailed description of these categories of transport project, see chapter 3 of the *Guide to CBA of investment projects*.

Generally, effects on markets other than transport (either indirect or wider economic effects) should be excluded:

- Indirect effects beyond the transport sector (such as the impacts transferred to the industrial sector) are usually excluded because of the risk of actually including effects already captured among the direct effects (double counting).
- Similarly, the wider economic effects (such as output change in imperfectly competitive markets, agglomeration effects, and the tax implications of a move to more productive jobs) should not be counted. Consensus among practitioners about their estimation is still limited, and excluding them keeps the analysis more conservative (i.e. without arguable benefits).

III - Scope of the economic analysis

When starting to develop a cost-benefit analysis, the scope of the economic analysis needs to be defined, meaning that, for each of the categories of effects listed above, the specific costs and benefits relevant for the project evaluation must be identified.

This initial phase concerns, for instance, the definition of the precise list of project-specific impacts and the affected individuals or groups, the identification of the transport modes subject to price or demand changes, the delimitation of the impact area (i.e. the geographic extent of the effects on the transport network).

The following section provides a set of practical steps and guiding principles that should be considered by CEF applicants to complete this initial step successfully.

Step 1 – Defining necessary components

The *Guide to CBA for investment projects* defines the minimum scope of the cost-benefit analysis using the concept of **self-sufficient unit of analysis**.

A project to be evaluated constitutes a self-sufficient unit of analysis if it delivers a functionally complete investment (infrastructure/equipment) that enables a requested service to be delivered to a clearly identified pool of users and generates the expected benefits without requiring other new or existing investments. This implies that the investment is fit for purpose, not only from a technical point of view, but also from the standpoint of the expected beneficiaries.

For simplicity, we will use the term **Global Project** to refer to the self-sufficient unit of analysis considered in the cost-benefit analysis.

Your project might not constitute an appropriate unit of analysis if:

- It excludes some components that are logically required to deliver the intended services (under-scaling); or
- It includes multiple independent components delivering different services (over-scaling).

Therefore, it is sometimes necessary to expand the scope of the cost-benefit analysis beyond the project or to split the assessment of the project into more than one cost-benefit analysis. The extent to which the scope should be adjusted varies by case. Below are some guiding principles for deciding whether and how to adjust:

- If the components of the project are not self-sufficient, i.e. they cannot function without other components, then you must expand the scope of the cost-benefit analysis to include all other necessary components - even if these are not eligible to be financed through EU funds or if you will only apply for CEF financing for them at a later stage;
- If your project covers more than one self-sufficient unit of analysis, you must split the assessment into separate cost-benefit analyses. For example, a *Motorways of the Sea* project involving largely independent developments at ports in different countries.

Guiding principle "1" (Necessary components)

The scope of the cost-benefit analysis must include all components (infrastructure and/or equipment) that are "necessary" for the project to deliver the intended service to the expected users - regardless of whether they are already in place or still to be built.

This may require some "necessary" components to be added to the project itself. But if a project includes components that are not mutually interdependent, then they should be grouped into distinct sub-projects, and a separate cost-benefit analysis should be carried out for them.

For practical purposes, when a project-specific planning document (such as a feasibility study) features other components that are part of a global project, this is generally valid proof that all these components are necessary.

In applying the concept of self-sufficient unit of analysis, use the following 3 categories of necessary components:

The **project**, i.e. the part of the infrastructure and equipment for which you are currently requesting CEF support and/or which are being prepared for implementation.

Any other **existing components** (infrastructure or equipment) needed to commercially operate the service (whether fee-paying or not) that the project will deliver to end users.

Any **planned but not yet existing components** (infrastructure or equipment) that are needed to commercially[4] operate of the services (whether fee-paying or not) that the project will deliver to end users.

[4] Ibidem.

Your cost-benefit analysis should consider only incremental amounts (i.e. negative or positive changes compared to the reference or "business as usual" scenario).

“Business as usual” means a situation when the planned components (categories A and C above) are not implemented.

So all costs and benefits generated by existing infrastructure or equipment that are "necessary", but whose level does not change compared to the reference scenario, will cancel out.

However, if some components of the global project are already operational, already occurred incremental costs (and benefits) related to existing necessary components (category B) must be included in the analysis.

The unit of analysis should include all "necessary" components, even if a third party rather than the applicant implement some of them. Indeed, while the financial analysis focuses on the implementing entity only, this limitation is not relevant for the definition of the scope of the economic analysis.

EXAMPLE OF “NECESSARY” COMPONENTS

Example 1
A proposed project for which CEF financial support is being requested plans to construct a last-mile rail connection to a container port terminal currently only served by a road link.
This is lot 2 of a global project and in addition to the new railway from the port handover rail station to the container terminal, the global project involves several additional investments "necessary" to move containers by rail, namely:

- *purchasing new cranes and equipment to load and unload the containers to/from the rail wagons within the terminal (lot 3);*
- *adapting the loading gauge of an existing tunnel on the rail line connecting the port handover station to the national network to allow maritime containers to pass (lot 1).*

Which of the 3 categories described above do the necessary components fall into?

- *Lot 2 is the project and so is in category A;*
- *Lot 3 must be included in the cost-benefit analysis as it is in category C (planned but not yet existing equipment needed to commercially operate the rail access);*
- *Lot 1, the existing tunnel, together with the entire national rail line, must also be included in the analysis, as it is in category B (existing infrastructure needed to commercially operate the rail access). Indeed, the tunnel and the entire line appear in both the reference scenario and the "with-project" scenario because they already exist.*

However, the works to adapt the loading gauge fall only into the "with-project" scenario, as they are designed to serve the rail access development. Ultimately, the cost for the initial construction of the tunnel and the national line and their maintenance will cancel out.[5]

Therefore, incrementally, the difference between the "with" and "without-project" scenarios is the adaptation works. In practice, the whole infrastructure is considered, but only the pieces that change are captured in the incremental cash flow analysis.

Lot 1 – Tunnel adaptation	**Lot 2 – Rail track**	Lot 3 – New crane
Category B	Category A (project)	Category C

Example 2
Here the project is to improve a specific subsection of a new EU-wide rail corridor that is under development. For the purposes of strategically planning the corridor infrastructure, the whole corridor can be treated as a single unit of analysis. But the corridor as a whole should not be included in the cost-benefit analysis for the subsection for which CEF funding is being requested.

To confirm that the chosen design and standards for the subsection are optimised, the scope should be limited to a smaller self-sufficient unit of analysis, including the component that comprises the proposed investment (category A, as defined above), together with any additional project component falling under categories B or C above.
These additional components may include other works on the same section or works on contiguous sections that are needed to generate benefits to the expected users of the rail section covered by the project. Modernisation work on other distant sections (mainly serving different needs), is not a "necessary" component, so the investment cost for this should not be included in the cost-benefit analysis[6].

Example 3
In a "Motorways of the Sea" project there are separate investments to upgrade RoRo terminals in 2 ports and a third investment to modernise of the RoRo vessels operating a regular short-sea-shipping (SSS) service between the two ports. Although all investments are part of the same project, they are largely independent developments, as the RoRo terminals are not exclusively dedicated to the SSS link between them, but rather serve multiple markets and routes. Also, during their operational lifecycle vessels may be used on different routes and not exclusively on the one included in the project. In this example, to evaluate independently the merit of each individual investment, you need to prepare 3 cost-benefit analyses.

[5] Indeed, would there be any change in the maintenance scheme due to more intensive use of the national rail line, then this increase would also appear in the CBA.
[6] However, the status of the rail network in sections other than the one included in the analysis is relevant when looking at the effects of the project on the transport network. However, any planned investment in such other sections will be included both in the reference and "with-the-project" scenarios, so the investment costs cancel out. The issue of network effects is discussed in the proceeding of this document.

Step 2 – Adding inter-related components

Inter-related components are those that deliver ancillary/complementary services in addition to the main service provided by the global project.

Inter-related components are never "necessary" as they concern services that are complementary but not strictly needed to deliver the main intended service.

These ancillary services may indeed be provided in markets other than transport (such as energy, urban regeneration or even accommodation or food).

The *Guide to CBA of investment projects* stipulates: "*inter-related but relatively self-standing components, whose costs and benefits are largely independent, should be appraised independently*". This is to ensure that the merits of smaller independent components are adequately assessed, i.e. in terms of demand levels and consideration of feasible alternatives, through dedicated cost-benefit analyses with a smaller scope.

Exception

If the cost and benefits of the inter-related components are essentially dependent on (or inter-dependent with) the main intended service of the global project, these components are not independent and you must include them in the scope of your analysis[7].

> ***Guiding principle "2" (Inter-related components)***
>
> *Inter-related but relatively self-standing components, whose costs and benefits are largely independent, should be appraised separately.*
>
> *However, inter-related components whose (incremental) costs and benefits are essentially dependent on (or inter-dependent with) the main intended service of the global project must be included in the scope of the analysis.*

EXAMPLES OF INTER-RELATED COMPONENTS

Example 1
A port authority is applying to the CEF for an investment to improve maritime accessibility for its main port. The investment is limited to dredging works required to allow larger vessels to call at the port.
No expansion or upgrading of the port terminals or quays is planned, as these already have the required capacity to sustain the increase in traffic caused by the project. The port is

[7] The maturity of such dependent inter-related components shall also be assessed in view of their inclusion in the scope of the analysis.

currently connected to its hinterland by road only, and the road network has enough spare capacity to accommodate all the expected incremental traffic to and from the hinterland.

Independently from the main investment in maritime accessibility, the port authority is also developing a new last-mile rail connection to the port. This connection is intended to contribute to the national strategic objectives of shifting transport to less polluting modes, and has already been decided and financed, although is not yet under construction.

So the question is whether and how the cost-benefit analysis for the maritime accessibility improvement should also include the investment costs of the new rail access project.
In this simple example, both projects indeed constitute 2 interrelated but relatively self-standing components, as their costs and benefits are largely independent:

- *The main intended benefit of the rail access is reducing emissions by shifting hinterland transport of goods from road to rail, and this benefit can also be achieved independently of improvements to maritime accessibility; indeed, in our example, this project has been already evaluated and approved at the time of the submission to the CEF of the investment on maritime accessibility;*
- *The main intended benefit of the maritime accessibility project is improving the efficiency of the logistics chain, to reduce maritime transport costs. Because in this example, the port terminal can handle all the incremental flows of goods via road, this main benefit can be attained independently of the construction of the new rail access.*

On this basis, the recommended approach is that the dredging works should be appraised independently of the rail access project. The investment costs for constructing the new rail access should not be considered in the cost-benefit analysis. The analysis is only needed to evaluate the economic performance of the investment on maritime accessibility and take a decision on this investment. The decision on the rail access is independent.[8]

Example 2
Consider a CEF application for funds to extend a metro line to a city airport. Within the same initiative, the city also plans specific complementary investments to renew the public areas and streets immediately surrounding the stations. This urban renewal component doesn't include any real estate (housing or commercial) development and is related to non-transport objectives, such as improving the visual quality of the urban landscape and developing green areas for the public.
The project's transport and urban regeneration components are relatively self-standing and independent in terms of objectives and expected benefits but are strongly interdependent in terms of implementation and investment, as the urban renewal initiative is designed to be a complementary initiative of the new metro line, and physically related to the same station sites.

[8] As a matter of fact, the presence of the (already decided) rail access shall be taken into consideration in the CBA of the maritime accessibility project when looking at the effects of the project on the transport network (transport costs and emissions in the hinterland leg of the transport chain). However, the rail access will be included both in the reference and "with-the-project" scenarios, so the investment costs cancel out. The issue of network effects is discussed in the next section of this document.

In this case, although the project covered by the CEF application is limited to the transport sector, the scope of the cost-benefit analysis should be extended to include both project components (transport and urban renewal).

Example 3
Consider a project to develop an onshore power facility in a port (cold ironing). Together with this initiative, the port authority is also planning a complementary investment to produce the electricity needed to supply the ships from renewable and carbon-neutral sources.
The two components (power supply to ships and power production) are independent in terms of implementation and costs (as the onshore power facility is also connected to the national grid).
Nevertheless, the benefits of both projects are interdependent, as the new clean power source will maximise the benefits of the cold ironing facility (reduced air and greenhouse gas emissions).
Unless concerns exist about the maturity of the development of the new power plant, the scope of the cost-benefit analysis submitted to the CEF can be reasonably extended to include both components (power supply to ships and power production).

A variant of the above example is an integrated initiative for the electrification of an urban bus fleet coupled with the construction of a new solar power plant to recharge buses and the deployment of new technologies for sustainable energy management.

Step 3 – Adding effects on the transport network

When defining the scope of the cost-benefit analysis, the intention is to correctly capture any changes in the costs and benefits linked to implementing the global project in a given impact area.

Whereas the previous steps deal with the definition of the **global project**, in this last step, the focus shifts to the effects that global project operations can have on the wider environment around the project, in particular the wider transport network.

Indeed, transport developments tend to have effects that exceed the (global) project itself and affect other sections of the network infrastructure. These repercussions can be split into:

- direct transport effects – effects on transport infrastructure that can be considered an alternative or supporting route/mode;
- network effects – effects on the wider network at different levels (regional, national and international). This should be interpreted in a broader sense, i.e. including all transport modes and not only the transport mode(s) affected by the project.

Very large projects (especially for freight) can have a radical effect on the network they are part of and may, therefore, require extended analysis of the traffic at European level.

In any case, to ensure that the effort required to develop the cost-benefit analysis is proportionate to the size of the global project, the scope of network effects must be geographically limited to the subnetwork where the global project impacts are not negligible and may, therefore, materially affect the outcome of the cost-benefit analysis.

Guiding principle "3" (effects on transport)

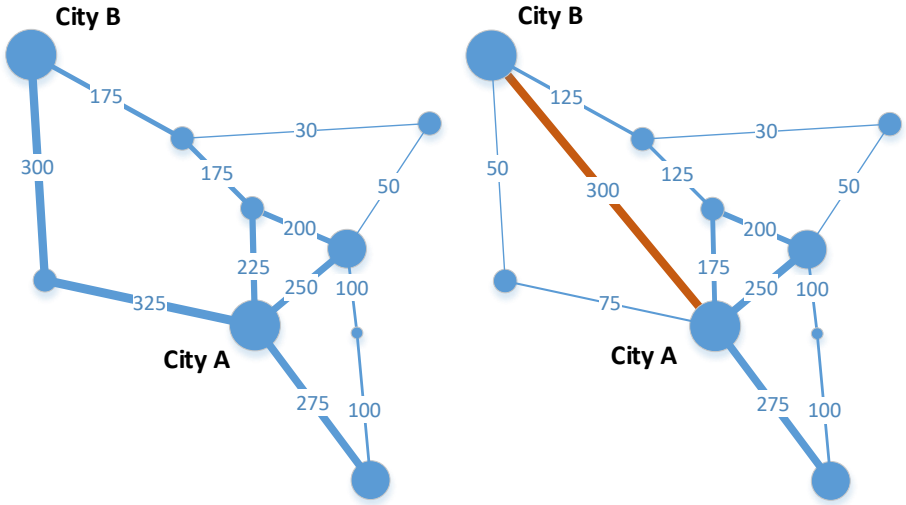
All non-negligible transport effects should be included in the cost-benefit analysis: both (i) direct effects on transport infrastructure that can be considered an alternative or which support the global project and (ii) network effects on sections that are relatively far away from the place of implementation.

EXAMPLE OF DIRECT EFFECTS ON A MONOMODAL TRANSPORT NETWORK

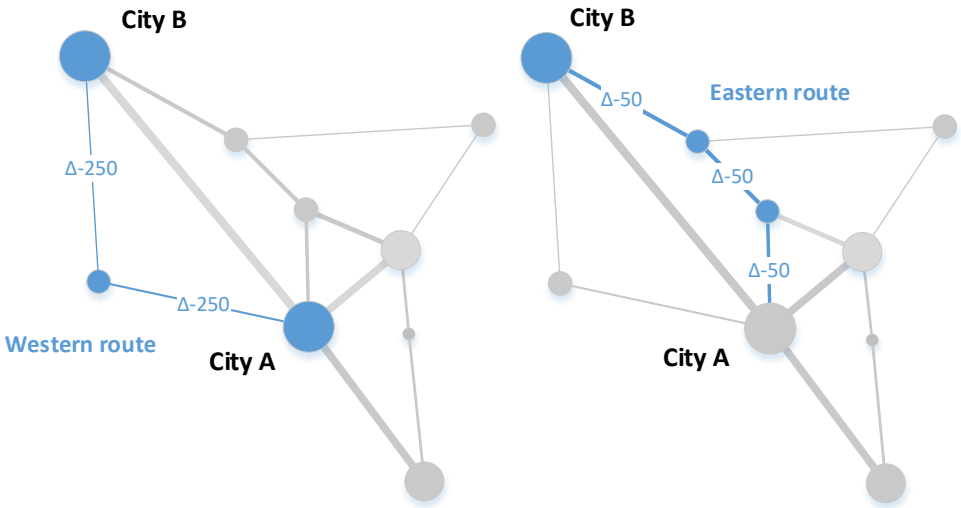
To illustrate these considerations, let's use a new example: the construction of a new high-speed railway connection between the 2 main cities in a country: city A, country's capital and city B, the country's most populous city on the northern coast. These cities are already linked by a railway, but the new line will be a direct and a faster connection.

The following graphic shows the impact of building the new line (the red line) on surrounding railway connections (direct transport effect).

*Traffic on the rail network **without** the project Traffic on the rail network **with** the project ('000 / thousands passangers)*



The effect of the global project is represented by the change of traffic in the origin/destination graph before (left-hand graphic) and after the global project is implemented (i.e. the new line is built – right-hand graphic).
The effect on all surrounding connections should be added to the analysis. Both the "western route" (which sees a major drop in usage: -250,000 passengers, -83%) and the "eastern route" (only marginally affected by the global project: -50,000 passengers, -29%).

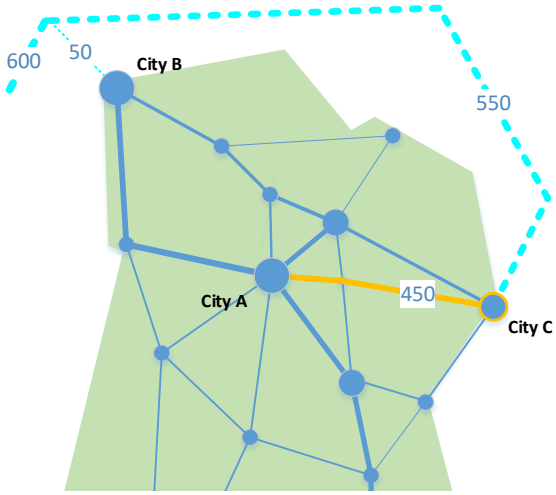


EXAMPLES OF MULTIMODAL NETWORK EFFECTS

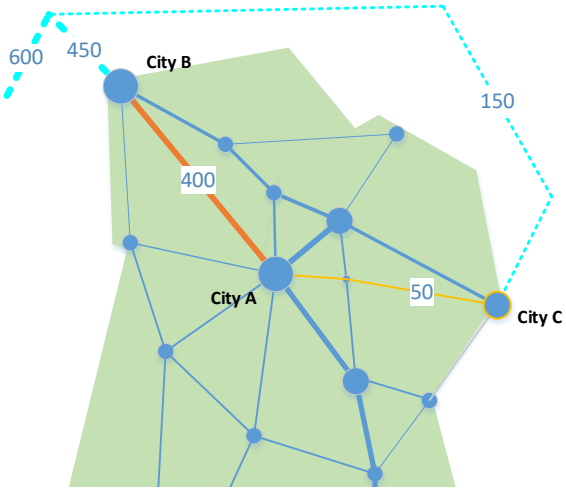
Let's now expand the previous example to study the case of network effects: the new high-speed and high-capacity line will make the access to the inland capital town easier for freight vessels unloading at the Northern port instead of shipping to the Eastern port as occurring in the without project situation.

In this example, the Northern port has sufficient spare capacity to handle the new traffic, so no investment is needed in this node.

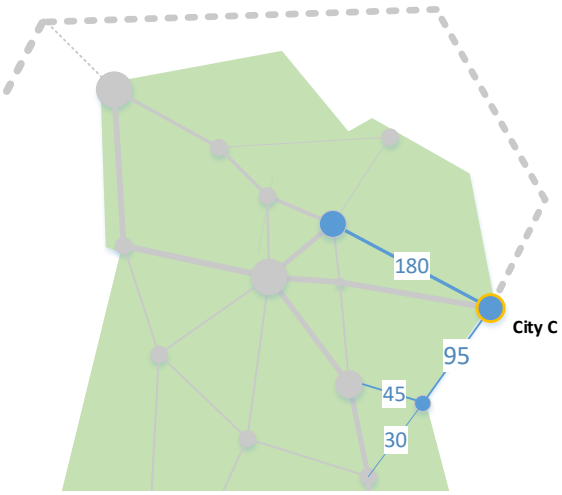
*Traffic on the multimodal network **without** the project*

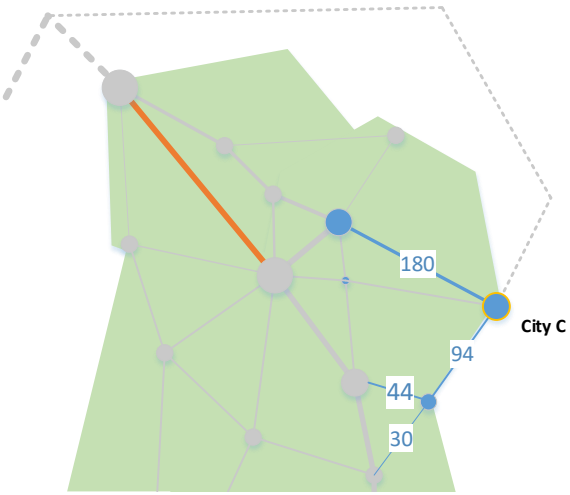


*Traffic on the multimodal network **with** the project*



The cost-benefit analysis must include network effects, i.e. changes in the routing of freight on sections of the network far away from the global project, not only railways (in orange) but also maritime routes (in light blue). Network effects go beyond the transport mode covered by the project – they also include changes in other transport modes.
If they are significant, the effects on the other rail sections linking the eastern port C to the other cities or surrounding urban areas could also be included.[9]





[9] For large projects like the one in this example the cost-benefit analysis must include also the analysis of this effect. For small projects, this is not needed as the effort is probably not proportionate.

IV - Time frame for the analysis

Your cost-benefit analysis, both the economic and financial analysis, must be based on information that is up to date on the day you submit your application, to give the most reliable view of the expected project costs and benefits.

However, for applications relating to a new phase of a project that is already under construction, and for which you have already received CEF support, you can resubmit the original cost-benefit analysis you submitted for the previous phase – if both the following conditions are met:

- The new project was already included in the scope of the original cost-benefit analysis. This would typically be the case if the ongoing project was a category C activity at the time the analysis was prepared. While less likely, another possibility is that the project was a dependent inter-related activity.

- No significant changes have occurred that may invalidate the original cost-benefit analysis. Significant changes can be about the project (new nature, scale or scope of the project) or its context/background. For example, if demand has changed. This could happen if a competing project has been implemented in the meantime or if there has been a structural economic change (technological breakthrough, normative constraint or changed social conditions/uses/customs).

However, the requirement for the cost-benefit analysis to be up to date, doesn't necessarily mean that the analysis must be limited only to project components that have not been implemented at the time you submit your application (i.e. new constructions/purchases or upgrades to existing infrastructure or equipment).

Indeed, the guiding principles described in the previous sections have precedence over pure time-based considerations. In particular, expenditure already incurred before the day you submit, if related to necessary or dependent inter-related components, must be included in the analysis.

Such historical expenditures should be capitalised (using an average inflation rate based on Consumer Price Index) and included in the first year of the reference period.

EXAMPLE OF HISTORICAL COSTS

As an example of how to treat historical and planned cost, let's look again at the project to construct a last-mile rail connection to a container port terminal (see section on necessary components).

As described in that section, the cost-benefit analysis must include lot 1 (tunnel adaptation), lot 2 (rail track) and lot 3 (new crane).

Let's assume, in all the cases described below, that these lots are always implemented in that order (lot 1, lot 2 then lot 3).

CEF financing application for lot 1

The cost-benefit analysis must include lots 2 and 3 because they are category C (planned but not yet existing infrastructure/equipment necessary to deliver the planned services).

Application for lot 1

Lot 1 – Tunnel adaptation	Lot 2 – Rail track	Lot 3 – New crane
Category A (project)	Category C	

CEF financing application for lot 2

The cost-benefit analysis must include lot 3 because it still falls under category C. The components already completed under lot 1 will be included in the cost-benefit analysis because they are now in category B (existing infrastructure needed to commercially operate the rail access)[10].

Application done for lot 2 (Lot 1 already completed)

Lot 1 – Tunnel adaptation	**Lot 2 – Rail track**	Lot 3 – New crane
Category B	Category A (project)	Category C

CEF financing application for lot 3

The initial 2 lots should be included in the cost-benefit analysis because they are both now in category B.

Application done for lot 3 (lot 1 and 2 already completed)

Lot 1 – Tunnel profiles	Lot 2 – Rail track	**Lot 3 – New crane**
Category B		Category A (project)

Therefore, depending on when the cost-benefit analysis is carried out, the 3 investments mentioned above could fall under different categories of components.
However, the cumulative scope of the analysis should always be the same because only by considering all 3 components does the analysis cover a self-sufficient unit of analysis.

For the project components already implemented at the time of the application, costs must be based on actual disbursements. Already occurred investment costs (and benefits, if some components of the global project are already operational) must be capitalised (using an average inflation rate based on Consumer Price Index) and included in the first year of the reference period.

[10] The cost-benefit analysis is a decision-making support tool and it should be prepared early (i.e. before the implementation of all lots). When applying to CEF financing for lot 2, you should have the original cost-benefit analysis prepared before lot 1. This original cost-benefit analysis should only be updated, with no change in the scope.

V - Content and scope of the financial analysis

Unlike the economic analysis, the financial analysis is limited to cash inflows (revenues) and outflows (costs). It does not consider non-cash flows items such as externalities or non-monetary impacts on users (such as the perceived value of personal travel time savings). However, it does include any savings in operational costs borne by the applicant.

The financial analysis includes only cash flows for components that are under your control.

This means all components implemented directly by you (the applicant), by another party associated with implementing the project (in its broader sense) or by any affiliated organisations or subcontractors.

This contrasts with the economic analysis, which must include all costs and benefits generated by the overall project – whether or not you have control over them.

In cases where the operator and owner of the investment are different organisations (e.g. in a PPP or a concession, or rail infrastructure used by one or more rail operators), you should carry out a consolidated analysis to determine the overall profitability of the global project.

This consolidation will neutralise cash flows between owners and operators while still presenting all the in- and outflows for this aggregated organisation. For more guidance on this, see the cost-benefit analysis methodology of investment projects (page 86).

The scope of the financial analysis must not be limited to the global project but needs to be extended to any ancillary activities that contribute to the overall service offering by the planned activity as well as any other activities (or other business lines) that benefit from or are adversely affected by the existence and operation of the planned investment.

Example

An inter-related component delivers to users of the main service an ancillary/complementary service that is not easily available elsewhere or from another provider. In such circumstances, where the only choice for the potential consumers of the main project service is whether to purchase what is supplied by the ancillary project components or make no purchase at all, the ancillary services are considered dependent and must be included in the analysis.

Such cases, commonly defined as “captive markets” are quite frequent in some of the transport sectors addressed by CEF (such as safe and secure parking areas, refuelling and charging stations). However, when dependency between the main and ancillary service is less clear – because the ancillary market is not “captive” – the incremental cash flows for the complementary services can be disregarded.

EXAMPLES OF DEPENDENCY

Let's consider a project for a safe and secure parking area for trucks[11]. This will be built next to an existing highway rest area, which already hosts some facilities providing complementary/ancillary services on top of safe and secure parking, including a restaurant which is managed by the applicant of the safe and secure parking area project.

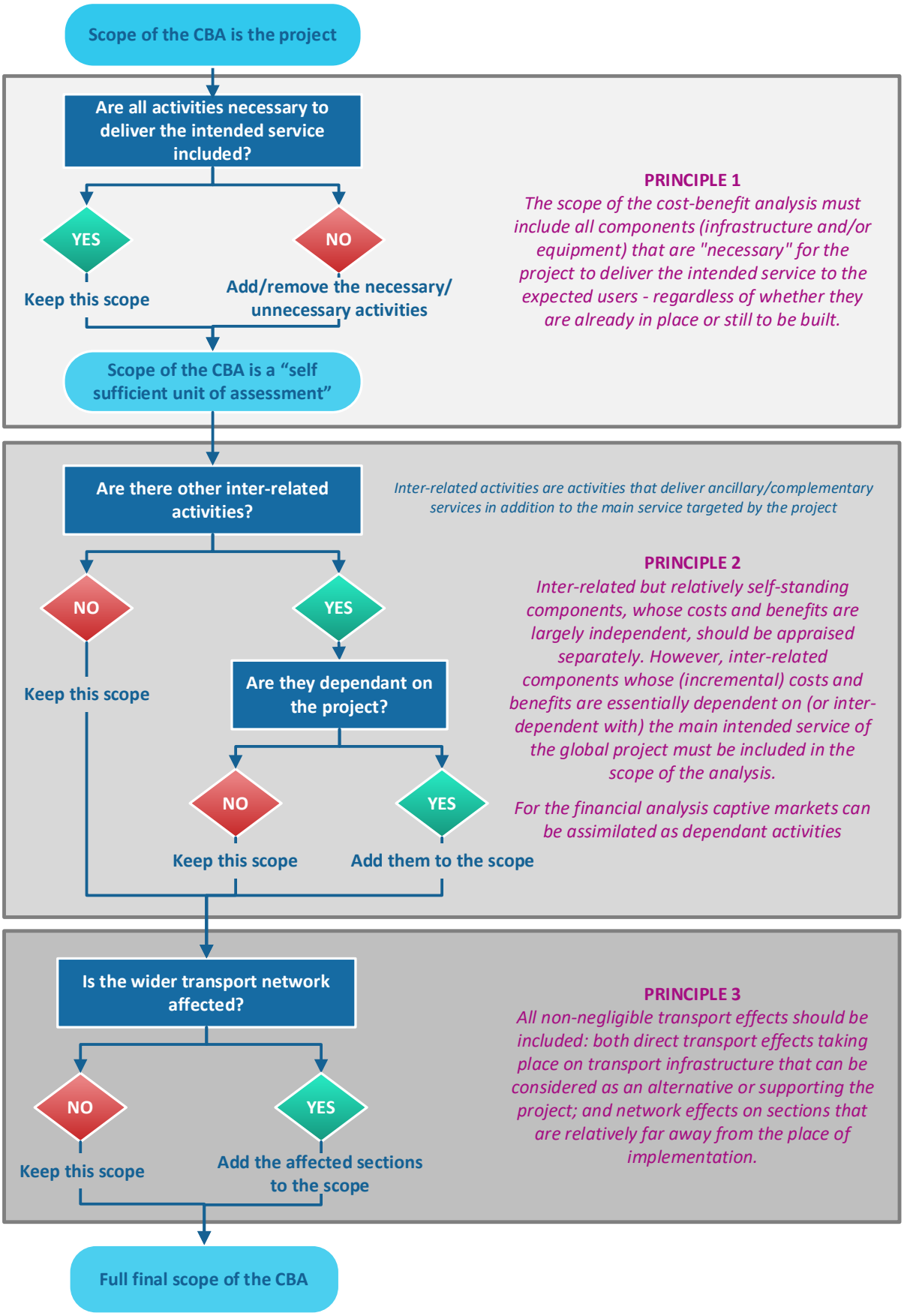
As there are no other catering facilities easily reachable by foot from the new truck parking area, drivers are dependent on it for meals while parked. These catering services are a captive market. As the restaurant is under the control of one of the organisation involved in the project, its incremental cash flows should be included in the financial analysis.

Variant

The safe and secure parking lot is in an area where several independent, easily reachable catering options are already available to customers. In this case, dependency between the safe and secure parking area and a particular restaurant/catering facility is less evident. The incremental cash flows of the catering services can be disregarded. This would apply even if one of them is owned by the company building the new safe and secure parking area for trucks.

[11] This example is discussed more in detail in the "CBA of a Safe and Secure Parking for trucks" Case Study published on the CINEA website - https://ec.europa.eu/inea/sites/default/files/cef_case_study_-_safe_and_secure_parking.pdf

Annex – Decision tree



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