

OPTIONS OF TRANSPORT DEVELOPMENT USING UNION FUNDS AND PROJECTS

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This article discusses transport and its need of financing for its exact functioning. Its main priority was to show possibilities of financing and development of transport on the basis of mentioned alternatives; to describe the best resources of financing for transport development nowadays as well as for other initial programs and projects; to point out accurate decision in planning and realization of transport projects and adequate fulfilling of financial plans.

Keywords: Transport infrastructure, Development, The European Fund, Financial instrument, Budget

1 INTRODUCTION

Transport is crucial for accurate functioning of economic and trade activities; it is the key to guarantee social prosperity, development of cities and regions and elimination of isolation from other communication networks. Transport development represents financially and technically demanding process depending on sources from European Union funds. If these financial resources were not secured, transport development in Slovakia would be problematic what would reflect in integration in global society.

2 FINANCING AND DEVELOPMENT OF TRANSPORT INFRASTRUCTURE

Transport infrastructure supports national economics which provide connecting of people and goods, access to employment and services, it facilitates business and economic growth. However, it is of little importance to discuss big trade, free movement of persons, goods and services if national networks and regions which form this trade are not interconnected by modern and effective infrastructure.

Transport financing is a big challenge of transport policy. It represents complex financial and technical process depending on sources from European Union funds.

Centre of transport infrastructure financing consists in utilizing of sources from state budget, private sources, and sources of local or regional government or European Union funds. Other resources for development and renovation come from pricing parts of motorway networks, highway sign, and bank loans intended exclusively for infrastructure development.

State can convey pursuit of certain services to external (private) organization or investor. Responsibility and following expenses and gaining fall to external organization's share providing outsourcing. On the contrary, if we deal with privatization, conditions of bonitary ownership change from state into private.

Another resource of financing is providing straight moneyed resources via grants for project support. They are complementary sources which are provided by European commission from public sources. Public orders (competitions) function likewise. They are intended for

public appeals for service or goods purchase or building jobs.

Public-private partnership (PPP) is local expression for co-operation of public and private sector. The core of PPP projects consists in dividing hazards connected with building-up and succeeding job operation (building-up, project) between private and public sector and their contractual relationship.

2.1 EUROPEAN UNION FUNDS

European Union provides financial resources for wide scale of projects and programs concerning transport. It represents general available resources for which all its citizens contribute. It is an important tool for functioning and achievement of objectives of European integration. European Union budget and budget of intrastate economy finance various areas at which they complete each other. Moneyed resources which represent total budget are agreed for twelve months. Financial year starts on the 1st of January and ends on the 31st of December corresponding year. Slovak republic since its entry to EU in 2004 also belongs to receivers of this financial help.

The policy of European Union financing is based on financial solidarity between individual member states of EU. Financial system of structural funds was created to prevent decelerating of development of European Union as entity and to catch the balance of regional inequality.

These funds represent fundamental resources in realization of cohesive policy of EU and political unity. They do not finance individual project but multiyear program period.

Transport policy of EU on regional level is financed through ERDF, CF and European social fund but only two of them finance transport development directly.

European regional development fund (ERDF) - is focused on elimination of regional inequalities; it helps to strengthen economic and social unity in European Union. It supports regulation and increases standard of industrial and stagnant regions and consolidation of cross-border, supranational and interregional co-operation.

Cohesive fund (KF) – also called Unity fund – functions from 1993 as a solidarity instrument. It helps less prosperous member states which gross domestic product (GDP) on 1 citizen is lower than 90% average of EU community. CF finances transport infrastructure development and development of environment protection

within 50/50 criterion. Presented plans should reach at least 10 million Euros.

3,2 milliard Euros were earmarked for previous septennial program period of 2007-2013 which represent 30% of total financial investments earmarked for SR. These financial resources were provided from ERDF and CF.

Another EU help is European Union Solidarity Fund (FS EU); it was founded with the objective of negotiation of unpredictable natural catastrophes. It concerns serious impact on living conditions, environment or economy in one or more regions of a member state or a state which applies for accession to EU or affected neighboring states and countries.

Table 1. Financial assistance from the Solidarity Fund for Slovakia

Year	Natural disaster	Financial assistance (mil.€)
2010	Floods	20,4
2004	Tatras- devastating calamity	5,7

The idea of Trans-European Transport Networks (TEN-T) emerged in 1980 in connection with suggestion of simple market. Transport infrastructure as well as energetic and telecommunication networks are considered to be necessary for real integration of European market with free movement of goods, persons and services. Three corridors run through the area of SR – Baltic-Adriatic corridor, Orient/East Mediterranean and Corridor Rhine-Danube. New projects and arrangements on corridor sections markedly contribute to unity and reinforcement of internal market. Advanced competition increases employment. TEN-T grants are provided within project competitions. European commission approved 189 million Euros from Cohesive Fund for interconnection of Slovakia with Europe in the end of 2013.

3. THE OPERATIONAL PROGRAMME TRANSPORT – (OPT) 2007- 2013

It represents document of SR which provides drawing moneyed resources from European Union Funds for projects in transport sector. The document contains multiyear arrangements for achieving set objectives and priorities. Governing body of OPT is the Ministry of Transport, Construction and Regional Development of the Slovak Republic. The main objective of the program is support of sustainable mobility through development of transport infrastructure and improvement of public and personal transport. These arrangements help with interconnection of Slovak regions and improvement of network connections (TEN-T). In general, 3,8 milliard Euros were earmarked. The Ministry of Transport of SR allocated these finances to important projects due to priority axis (PA).

Table 2. Approved projects OPT 2007-2013 and the participants for their financing

Projects	Number	Funding Source
Road transport	68	Structural funds EU (Cohesion fund, ERDF), State budget, Beneficiary's own resources (National Highway Company).
Rail transport	18	ERDF, State budget, Railway Company SR, Cohesion fund EU, Other resources.
Intermodal transport	5	Cohesion fund EU, State budget SR, Other resources SR.
Integrated transport	34	Cohesion fund EU, State budget SR, Beneficiary's own resources - Bratislava, Košice

By the end of 2015 more than half of the city transport buses and trains of regional transport are planned to be replaced. During the year of 2013 another big projects on the construction of motorways, highways and on modernization of railway lines were confirmed. By the end of 2014 more fluent implementation is scheduled for continuity of already begun projects. It is counted on implementation of approximately 952 million Euros from which resources of EU represent 85% and the rest is composed from state budget. The Ministry expects that the end of June 2014 achieves implementation of resources of more than 53% what would accelerate necessary utilization of resources in 2015 which are offered by Brussels.

4. EUROPEAN STRATEGY OF 2020

In March 2010 the motion of European strategy of 2020 presented by European commission (EC) was carried in meetings of all EU member states and was accepted in June 2010. This long-time strategy will be the centre of attention in the next ten years. It represents the vision of social market economy of 21st century. The general objective of the strategy is to get out of crisis stronger with which intelligent, sustainable and inclusive economy assists and which also provides rapid and permanent results; to deepen European economy and support better coordination of national and European policy; to create new permanent posts and provide for better quality of life.

Financing from EU resources helps to support:

- Development of new technologies;
- Top-level research;
- High-speed connection to internet;
- Intelligent transport and energetic infrastructures;

- Energetic effectiveness and renewable energy sources;
- Enterprise development;
- Skills and training;
- Coordination and financial support.

Each member state must adapt itself to conditions of European strategy of 2020 which results from its conception. Financial resources, policy instruments and administrative acts of EU will lead to achievement of set objectives.

4.1. Instrument for connecting Europe (2014-2020) – Transport

It is integrated instrument for investments in priorities of EU in scope of infrastructure for transport, energetic and telecommunication. Its main intention is to finance transport, energetic and digital networks in whole Europe. New authorized budget decreased from original 40 milliard Euros (decision from 2011) to 29 milliard Euros.

Transport projects are aimed to modernize European transport infrastructure, build up and simplify cross-border connections and eliminate different obstacles. They are aimed at those means of transport which minimally pollute the environment and so sustainable transport system can be achieved. They also provide more possibilities for traveling. Transport systems in Europe were developed inland. EU have important task to coordinate member states in planning, management and financing of cross-border projects. Only well organized network ensures trouble free functioning of simple market and contributes to reinforcement of competitiveness. In estimation of European commission approximately 750 milliard Euros will be need for building up a real European network and eliminating of problematic places and completing of missing connections in main network by the year 2020.

4.2 HORIZON 2020

New program period of 2014-2020 is carried under the auspices of Horizon 2020 (H2020). It represents financial instrument Europe 2020 aimed at research, development and global competitiveness of Europe.

Horizon 2020 started on the 1st of January and it is automatically opened for every of 28 member states of EU; some countries will be able to join in framework program within the frame of agreement on association or within the frame of agreement with third countries as well as countries beyond Union.

Earmarked resources represent value of approximately 80 milliard Euros which are referred to seven-year period. During general progress of H2020 it is more than possible that several changes will be done (distinctive shifts, increasing or transfer of financial resources). For that reason H2020 is designed to adapt existing conditions as

more simplified fulfilment for countries which did not make use of this opportunity in 7.RP.

Structure of Horizon 2020:

1. Excellent science
2. Leading position of industry
3. Social challenges

Its complements are:

- European Institute of Innovation and Technology (EIT)
- Non-nuclear actions JRC
- Euratom

Others: - Widening participation and propagation of excellence
- Science for society

5 CONCLUSIONS

Financial resources for transport development are drawn from several sources. It is more than obvious that it is necessary to search not only for savings but also for other financial sources. Accurate transport investment and condition decisions demand exact information about characters of alternatives of transport system. Simple procedures, minimization of bureaucracy and advanced responsibility and transparency leading to better supervision of using of public finances are sufficient for simplification of fulfilling of set aims. Within the frame of transport financing it must concern balanced combination of state budget grant, taxes, charges and European subsidy. If it be to the contrary (it means when incoming government do not understand this equation) transport will get into multiyear coma due to inadequate concern.

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