

Sustainability of funding national roads

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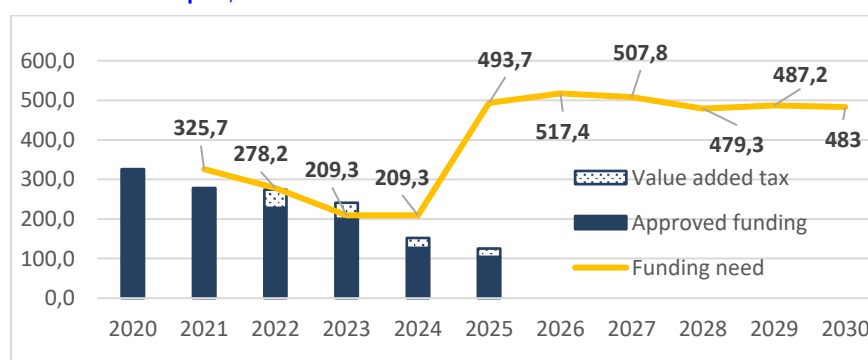
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Summary of audit results

With the reduced funds, it will not be possible to achieve all the objectives set for the maintenance and development of the national roads. In a situation where there are insufficient funds for achieving the objectives, the Ministry of Economic Affairs and Communications (MEAC) needs to establish priorities according to the funding options or propose additional funding options for road maintenance.

Figure. Approved funds for road maintenance and the funding requirements indicated in the road maintenance plan, million euros



Source: The NAO based on the road maintenance plans¹

Due to reduced funding for road maintenance, there is an increasing risk that it will not be possible to repair and maintain existing roads to the extent that the quality and safety of the roads will not deteriorate in the near future. The roughness of the roads has steadily decreased over the last ten years: the main roads have most improved as their roughness index is smallest and it has been possible to use European Union funds for the reconstruction and construction of the main roads. In subsequent years, significantly less money is allocated in the budget than is required to maintain the current condition of the roads. There is therefore a growing risk that the quality of the roads will deteriorate.

The construction of the Trans-European Road Network (TEN-T) within the agreed deadline is not realistic. Estonia has made a

¹ The years 2022–2025 are given on the basis of the financial plan of the road maintenance plan 2022–2025 without VAT. For a better comparison, the National Audit Office added 20% VAT. The funding requirements are presented for the latest approved period, i.e. 2021–2030, in accordance with the road maintenance plan.

commitment to the European Union to build the roads belonging to the core network of European roads in accordance with the requirements of the TEN-T regulation by 2030. The Government of the Republic wants to finance the development of the roads only with the support of European Union funds, but the amounts allocated to Estonia for road construction are not sufficient to fulfil the commitments.

Due to decreasing funds and increasing prices, the Ministry of Transport and Communications and the Government of the Republic must decide on the priorities of road maintenance. In the national strategy documents, there are several goals for maintaining the quality of the national roads, developing them and increasing road safety, but there is a lack of money to achieve these objectives and no long-term plan to ensure funding. In a situation where funding is decreasing and construction prices are rising sharply, it is necessary to improve control over cost increases, to ensure a transparent selection of objects and to decide which investments should be carried out and in what order.

Key recommendations

Recommendation of the National Audit Office to the Minister of Economic Affairs and Infrastructure:

- Identify funding opportunities (including long-term) and funding requirements of the national roads in conjunction with railway development plans, taking into account the current situation, and consequently set priorities in line with the opportunities.

Response of the Minister of Economic Affairs and Infrastructure:

According to the Minister, the various funding opportunities are identified both in the road maintenance plan for national roads and in the action plan for the development of public railway infrastructure. The priorities and objectives of both railway and road maintenance are set in the transport competitiveness and mobility programme and are in line with the possibilities of the state budget strategy. The Minister confirmed that for the development of road infrastructure, both the state loan and the adoption of the private public partnership model have been analysed and appropriate proposals have been made to the Government of the Republic.