

Heading down dead ends

Transport sector financing in Central and Eastern Europe







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Index of abbreviations

- CEE Central and Eastern Europe
- CF Cohesion Fund
- EBRD European Bank for Reconstruction and Development
- EEA European Environment Agency
- EIB European Investment Bank
- IBRD International Bank for Reconstruction and Development
- IFC International Finance Corporation
- ISPA Instrument for Structural Policies for Pre-Accession Aid
- NGO Non-governmental organization
- TEN-T Trans-European Transport Network
- TINA Transport Infrastructure Needs Assessment

The need to hold on to CEE's pro-environmental comparative advantage

The CEE Bankwatch Network has produced this study in order to analyse the investments of multilateral institutions into transport sector infrastructure in the Central and Eastern European (CEE) region. Bankwatch has been monitoring the influence of both the projects and the policies of the International Financial Institutions (IFIs) such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the funding mechanisms of the EU in the region since 1995. In 1997 the report "Blueprints for Sustainable Transportation in Central and Eastern Europe" was produced, illustrating the significant influence that the IFIs and the EU were having over the transport policies of the transition countries in the CEE region.¹ This current publication uses data about transport sector investments and policies from twelve CEE countries, most of which are new EU member states, while illustrative examples are also used from Bulgaria and Ukraine. National project case studies have been compiled from most of these countries. These are not part of the current study but can be downloaded from the Bankwatch website - www.bankwatch.org.

Key transport policy choices were made by the transition countries from the CEE region in the early 1990s. These policies were influenced by Western European countries and backed financially (mostly in the form of loans) by the IFIs and the EU. Therefore, while analysing the period 1997-2003, the current study provides evidence about the implementation of these transport development policies. This data, unfortunately, provides yet more evidence for the position we have held for many years when advocating for environmentally sound development in the transport sector: not everything is lost, there are some good experiences, but the overall picture is bleak.

It is clear that the region is following the unfortunate example of the developed countries but, alarmingly, it is happening in an accelerated manner. We are alarmed that on account of EU accession freight transit from one day to another can increase by 30 per cent, as is currently being witnessed in the Czech Republic. It is of great concern to see a decline in the Slovakian railway services resulting from secretive loan conditions imposed by the EIB, the EU's biggest public lending institution. We are extremely concerned that heavy investments are directed mainly to the trans-European corridors while domestic needs and public resources allotted for the measures to provide at least basic maintenance for safety reasons are far below real needs. Moreover, we are worried that an "industry of the past"- car manufacturing – is enjoying an increasing share of the economic output of several CEE countries.

In spite all of this, the CEE countries as a whole have yet to reach the level of car dependency typical of the former EU15. There are still values to protect and some positive trends to follow. What can be done to keep this "pro-environmental comparative advantage"? How can we make positive attitudes more attractive to financing? We believe it is necessary to link local, national and EU policies and work for public opinion to be reflected in them. We have a dream that, unlike today, a day will come when it will be possible to use EU Cohesion Fund money for public transport schemes and other sustainable transport means. We look forward to celebrating the day when the EIB replies to a client government: "We are not going to provide a loan for your motorway because it cuts through a protected area, but if you wish we will look into the eco-tourism potential of this area with you."

And indeed we are anxious about all the non-violent means which have the potential to lead to a reduction in traffic demand. The more people there are who are prepared to resist the further sacrificing of our public resources, health, natural and cultural heritage through unlimited transport, the more this dream can move from the realm of utopia to reality. We believe it is simply not possible to wait another decade to act. Planning for the next EU budgeting period 2007-2013 has already started. The opportunity exists to make an impact on this process and help to influence the way in which EU public spending in the transport sector should look. This study intends to contribute to and provide some inspiration for this process.

Executive summary

This report focuses on recent transport policy developments in ten Central and Eastern European (CEE) countries, eight of which joined the European Union on May 1, 2004 – the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic and Slovenia – and two of which, Bulgaria, and Romania, are expecting their EU accession to take place in 2007 (in this report we use the term CEE10 for these ten countries). In a few cases, examples of the transport policies and investments in the Commonwealth of Independent States (CIS) or the former Yugoslavia are also given.

The CEE countries are very diversified from a geographical, demographical and economic point of view. Estonia, the most northern CEE country and Bulgaria, the most southern, are separated by more than two thousand kilometres. Poland has more than 38 million inhabitants, while Estonia has less than 1,5 million. The Czech Republic, the Slovak Republic, and Hungary are landlocked, while the other countries have important coastal areas. However, while the CEE countries show very different geographic, demographic and economic characteristics, their transport sectors have several distinctive common features when compared to Western Europe.

Until the 1990s, the transport policies of many Western European countries were oriented towards the road sector and individual car development, while public transport was cut back. This massive road development policy favoured squandering land use, which in turn enhanced road-oriented transport development. In many Western European countries, severe summertime air pollution episodes, declining urban centres and chronic congestion problems rang the alarm of unsustainable transport and land use patterns. National governments, as well as the European Council and the Commission, recognised the necessity to turn towards a sustainable transport and land use policy. However, decades of road development resulted in economic and geographical patterns fully adapted to road transport, and thus to stop or even reverse such negative tendencies is extremely difficult, and requires a strong political will and important changes throughout society as a whole.

In comparison, the CEE countries are in a more favourable situation. The evolution of the transport sector in these countries has been different from that of the Western countries for historical and political reasons. Until 1990, the railways dominated freight transport, and public transport had the majority share of passenger transport in urban areas. Today, a range of environmental indicators related to land use and the transport sector in the CEE countries can still be considered as relatively good in comparison to the 15 "old" member states of the European Union (in this report we use the term EU15 for the these countries).

However, trends in the transport sector in the CEE countries are worrying. Private car ownership is growing rapidly, the share of road in freight transport is increasing, there is uncontrolled real estate development and urban sprawl, while the growth of passenger and freight road traffic poses environmental and also safety problems. Some extreme examples: in the short interval between 1997 and 2001 private car ownership rose by 36% in Latvia, 29% in Lithuania and 24% in Romania; in the same period the share of road in freight traffic rose by 38% in Lithuania and by 25% in Poland. Meanwhile the volume of freight transported by rail dropped by 19% on average across the CEE region. The transport policies of the CEE countries are mainly orientated towards the construction of motorways and expressways, while the maintenance and rehabilitation of existing transport infrastructure does not receive sufficient attention.

Concerning rail transport, the emphasis is mainly put on international transport corridors; meanwhile regional lines are neglected or cut back. Railway companies are struggling with financial problems, since the state does not fully pay for the public service it orders (in many cases it does not pay a substantial part). Badly conducted restructuring or privatisation processes lead to the further decline of the railways. In the period 1997-2001, the rail passenger volume dropped by 15% on average across the CEE10, with the worst cases being a 49% drop in Bulgaria and a 38% drop in Latvia. The public transport sector, both at the national and the urban level, suffers from unstable financial conditions and a serious backlog in investments for the renewal of track and rolling stock.

All of these developments have lead to a shift towards transport patterns in the CEE countries which have been recognised for years by the EU15 countries as unfortunate and unsustainable. Moreover, set against a context of very limited financial resources, the massive motorway construction policy, which the governments try to justify by the EU's TEN-T requirements laid down in the Accession Treaties, could well not only undermine the chances for a sustainable transport system in the CEE countries, but also hamper positive changes in the EU15 states as a result of worsening traffic conditions in the already congested Western European areas. In terms of social cohesion, the current transport policies of the CEE countries contribute to widening regional disparities at the national level, instead of a reduction in the social and unemployment problems in rural areas.

The IFIs such as the World Bank, the EBRD and the EIB, as well as EU funds, play an important role in shaping the transport sector in the CEE countries. Between 2000 and 2002 approximately EUR 3174 million IS-PA grants, and between 1998 and 2003 approximately EUR 7687 million EIB loans, and EUR 662 million EBRD loans were granted to the transport sector in the CEE10 countries. Concerning World Bank loans to the transport sector, the CEE10 countries received about USD 350 million (EUR 286 million) between 2000 and 2004. Unfortunately, the majority of this money supported the road and the air transport sector, while railways, combined transport, and urban public transport received much less finance. Moreover, financial support given to the railway sector often served only to cover the structural debt of the companies, and is granted only under severe conditions which insist on cutting back the public service and closing down important parts of the railway lines. Thus, some financial support from the IFIs to the railways leads only to the further decline in the performance of this sector instead of improvements.

Several case studies show examples of road and air transport development projects financed by IFIs, which, beyond having very detrimental environmental effects, were also economically unsound. However, neither the EBRD nor the EIB have accepted any financial or other responsibility for the huge damage caused. In our experience these banks are not really interested in the economic or financial viability of the projects they finance. As the repayment of the loans given by them is guaranteed by national governments, the risk is taken not by the banks but by the taxpayers of the different countries.

The programming period 2004-2006 for the Cohesion and Structural Funds looks set to continue the existing transport policies, with national priorities accorded to motorway construction projects and international transport corridors. Notable exceptions to this trend exist in the Baltic countries, which prefer to concentrate on the maintenance and rehabilitation of the existing transport infrastructure.

The current and planned national transport policies of the CEE countries strongly undermine the prospect of sustainable development taking root in these countries. Such policies appear to guarantee the shifting of these countries in the direction of the vicious circle of unsustainable transport development and land use from which it will be very difficult to emerge afterwards. Indeed, the European Commission and the European financial institutions, especially the EIB, are instrumental to this process with aid and loan policies that fail to take into account the urgent need for a sustainable transport policy.

With enlargement, the entire European Union has a historic opportunity to shift towards sustainable development and also to accelerate the process of integrating environmental concerns into the transport policies of the "old" member states. In order not to lose this opportunity, the national governments in the CEE countries must elaborate economically, environmentally and socially sound transport policies instead of focusing on heavy infrastructure development at any cost.

The final chapter of this study lists a number of recommendations for positive change in CEE transport sector financing. First of all it is important that EU funds, as well as EIB and EBRD loans, conform to the EU Sustainable Development Strategy and promote sustainable development and environmentally friendly solutions. It is also crucial for the next programming period of the European Structural and Cohesion Funds between 2007 and 2013 that sustainable transport options receive high priority. EU grants have to be made available to support the railways and public transport in the CEE countries and the European financial institutions must reconsider their lending policies in order to prevent the financing of economically dubious and environmentally harmful transport projects in the CEE countries.

PART I. TRANSPORT TRENDS IN EUROPE

1. Transport developments in the EU15

After the Second World War, infrastructure building, and notably road construction, was one of the main driving forces of the economy of Western Europe. From the 1960s, the rising motorisation rate, the booming of road freight transport, massive suburbanisation and the sprawl of economic activities into the countryside shaped the land use patterns and the state of the environment in many Western European countries.

The transport sector in Western Europe during the last decades was characterised by a decisive shift towards the road sector. However, this tendency was not solely the result of a "natural" movement towards a flexible transport mode, but also the consequence of several decades of determined road sector development policy. This policy was achieved through massive road infrastructure construction programmes and the encouragement of access to individual car and road freight transport by a variety of fiscal and other measures.

As a consequence, the length of motorways in the EU15 more than tripled between 1970 and 2001, while the number of passenger cars tripled during the same period. [1] In practice, this means 36 000 km more motorways and 122 millions more passenger cars running on the roads of the EU15 than three decades before.

At the same time, the public transport and rail transport went through an opposite evolution, as the transport policy of many member states neglected or cut back these modes of transport. Between 1970 and 2001 the length of railway lines was reduced by 19 000 km, while between 1960 and 1990 the number of cities having an urban tram or light rail system decreased from 157 to 92. [2]

Another negative trend was the crowding out of walking and cycling from cities, agglomerations and villages by private cars, and the physical transformation of many settlements into car dominated areas.

As a result, the share of the private car in passenger transport reached 84% in 2001 [3], while the share of road in inland goods performance was 78% in the EU15 [4]. When including maritime shipping, and also the transport of pipelines, road transport still remains the most important freight transport mode, despite the fact that its share is only 45%. [5]

Over the last decades another important trend was the growth of air transport, which today is commonly used not only for business but for tourist purposes as well.

However, while at the very beginning these tendencies had a positive effect on the economy and raised the general comfort of many citizens, the adverse effects of this evolution have become more and more important. Today, while the transport sector is still one of the pillars of the economy, the sustainability of current transport patterns is in doubt for economic as well as for social and environmental reasons.

In terms of the economy, alarming signals emerged from urban regions more and more frequently paralysed with traffic jams, at a level affecting the everyday functioning of these regions. Strangely, transport structures have been evolving towards a situation where the sector is hampering economic development, rather than enhancing it. It has also become evident that the overwhelming domination of the road sector has an enormous cost for society.

The transport features experienced in the EU15 are having very important effects on human well-being as well. While one can consider that car ownership facilitates the everyday life of a household, and thus raises living standards, the generalisation of motorisation has turned traffic levels into a negative factor impinging on life quality in many areas.

The European Environment Agency (EEA) estimates that 44% of the urban population in 18 Western European countries breathed air polluted with particulates above the health limit, and 97% of the urban population was exposed to air polluted with ozone above the health limit in 1999 [6]. Concerning ozone, the number of persons who were exposed to pollution above threshold health values during more than one month was about 22 million in 1999. [7]

The situation is no better when it comes to noise. In 1999, more than one third of the total population of the EU15 was exposed to road traffic noise levels above 55 L_{dn} dB, and more than one tenth of the population had to tolerate levels above 65 L_{dn} dB. [8] According to the World Health Organization, at the 55 dB value people are seriously annoyed and noise levels above 65 dBL_{Aeg} are detrimental to health.

However, even these statistics can't always help us to imagine the daily implications on people's life of the evolutions which have occurred in the transport sector. In reality, these evolutions mean that in many

D8 motorway construction through Eastern Krusne Hory, Czech Republic. Photo: Pavel Doucha.

cities families are unable to take a walk in their own neighbourhoods, windows staying closed all the year round due to the deafening noise, children who can't go outside alone, mothers who spend a significant amount of time as chauffeurs for their family in the absence of alternatives. While individual cars were supposed to expand individual liberty and mobility, today the generalisation of motorisation increasingly appears to be reducing this same liberty. Journey length has been increasing continuously in many European countries, and access to basic services has become more and more dependent on cars. [9] The question persists of whether the ever-growing mobility is a sign of a positive development, or a necessary daily burden for many people in an attempt to reach more and more inaccessible basic services.

These negative developments have resulted in a general awareness-raising since the1990s, and some cities have begun to make efforts to ameliorate their public transport. At the same time, rehabilitation movements have occurred in a number of city centres in favour of human and environment-friendly areas. Unfortunately, even if these efforts should have very positive results locally, they haven't yet been sufficient to significantly change the modal split of passenger transport and to stop the growth of individual car use in most of the countries.

The same statement applies to goods transport, where despite certain efforts to develop combined transport the share of road transport continues to grow, while railway and inland waterway transport are continually losing ground.

As the transport sector relies heavily on the use of non-renewable energies, it has serious effects on the environment at the regional and also the global level.

Concerning greenhouse gases, the transport sector was the second largest source after industry in the EU15 countries in 2000 and contributed one fifth of total greenhouse gas emissions in that year. CO_2 is the main contributor to transport greenhouse emissions (97%) and road transport is in turn the largest contributor to these CO_2 emissions (92% in 2000). The emission of greenhouse gases by the transport sector increased by 19% between 1990 and 2000. [10] Road and domestic aviation were the fastest growing contributors to CO_2 emissions with increases of 20% and 29% respectively during the same period.

Transport was the largest energy-consuming sector with almost 35% of total energy consumption in the EEA17 countries (EU15, Norway and Switzerland) in 2000. In 2000 the road sector consumed on average 81% of all final transport energy. [11]

The transport sector also has other detrimental environmental effects. Among others, these include the degradation of landscapes, the disturbance and fragmentation of natural habitats and the decline of wildlife and biodiversity. These impacts can be easily seen in many areas all over the EU.

2. Environment vs. TEN-T in the EU

2.1. EU engagement towards sustainable development and a sustainable transport policy

The Amsterdam Treaty of 1997 included Sustainable Development in the objectives of the European Union.

In May 2001, the Commission proposed a Sustainable Development Strategy to the upcoming European Council. In this document, the Commission identified main threats to sustainable development, among which were current transport and land use patterns:

"Transport congestion has been rising rapidly and is approaching gridlock. This mainly affects urban areas, which are also challenged by problems such as inner-city decay, sprawling suburbs, and concentrations of acute poverty and social exclusion."

Moreover, the Commission recognised that, "Many of the trends that threaten sustainable development result from past choices in production technology, patterns of land use and infrastructure investment, which are difficult to reverse in a short timeframe." [12]

In June 2001, the European council agreed on a strategy for sustainable development at Gothenburg. One of the environmental priorities of this strategy is "*ensuring sustainable transport*". According to this document, "A sustainable transport policy should tackle rising volumes of traffic and levels of congestion, noise and pollution and encourage the use of environment friendly modes of transport as well as the full internalisation of social and environmental costs. Action is needed to bring about a significant decoupling of transport growth and GDP growth, in particular by a shift from road to rail, water and public passenger transport. To achieve this, the European Council:

- invites the European Parliament and the Council to adopt by 2003 revised guidelines for trans-European transport networks on the basis of a forthcoming Commission proposal, with a view to giving priority, where appropriate, to infrastructure investment for public transport and for railways, inland waterways, short sea shipping, intermodal operations and effective interconnection;
- notes that the Commission will propose a framework to ensure that by 2004 the price of using different modes of transport better reflects costs to society." [13]

However, even if the declared principles of Gothenburg are very positive, other political declarations contradict them, and the implementation of a sustainable transport policy is still lacking. The Commission's proposal for the "European Growth Initiative" of November 2003 identifies transport infrastructure building as a means to catalyse economic growth and competitiveness in the Union. It is highly questionable whether the present type of economic growth must be the priority of the Union, while it is widely admitted that current production and consumption patterns are unsustainable, and must be changed.

Concerning the Commission's proposal of October 2003 for amending the Community guidelines for the development of the Trans-European Transport Network (TEN-T), the whole report starts from the assumption that in the future transport volumes will grow, thus more infrastructure is needed to solve problems of congestion and bottlenecks, and to provide better connections for peripheral areas. All this contradicts the above-mentioned Gothenburg Sustainable Development Strategy, according to which the real need lies in decoupling transport growth from economic growth, rather that reinforcing that link. It is not clear how providing more transport infrastructure would reduce traffic volumes, and thus the environmental problems related to transport. Providing an ever-increasing transport infrastructure, and by doing this, pretending to reduce traffic levels and the related environmental problems, is equivalent to attempting to lose weight by eating more hamburgers.

A further indication of the lack of a sustainable transport policy is the amount of money foreseen for different purposes in the field of transport policy. According to the Commission proposal the estimated amount of investment required to carry out all the transport infrastructure projects declared to be of European interest is around EUR 220 billion, of which almost EUR 180 billion will have to be financed by the national and Community budgets. By 2020 the total cost of the entire TEN-T, including the projects of common interest not declared to be of European interest, will amount to EUR 600 billion. In comparison, the annual EU budget to promote sustainable transport is insignificant. For example, the budget of the Civitas II programme aiming to promote clean urban transport in the EU was EUR 50 million in 2003. The principle of subsidiarity cannot justify this imbalance, since TEN-T developments strongly increase traffic levels at national and local levels, and thus have an important influence on national transport patterns.

2.2. EU projections of transport growth in the 2000-2020 period

According to a study assessing the impacts of the Commission's proposal to modify the TEN-T guidelines, international freight traffic will grow by 95% between 2000 and 2020 in the EU27 if current trends continue (trend scenario). [14] During the same period, international rail freight traffic will grow by 88% and international road freight traffic would grow by 99% (Table 1). The trend scenario is defined as the situation which would occur in 2020 if only those TEN-T projects defined in 1996 as being in an advanced stage (completed before 2008) were built. The overall investment costs in this case would be EUR 97 billion (Table 2).

If, in addition to the trend scenario, all the Essen/ Dublin TEN-T projects, six new TEN-T projects proposed by the Commission in 2001 and half of the network planned in the Accession Treaties were built, international freight traffic growth would be 96% (European scenario). In this case the growth figures would be 96% for rail traffic and 96% for road traffic. This scenario would require a supplementary investment of EUR 113 billion compared to the trend scenario (Table 2).

In a third scenario, in addition to the investments envisaged in the previous scenario, the new TEN-T priority projects identified by the High-Level Group are built and the network planned in the accession Treaties is nearly completed ("European+" scenario). In this case, the international freight traffic growth would be 104%, with 120% growth in rail traffic and 96% growth in road traffic (Table 1). In this case, the investment needed would be EUR 293 billion, which includes the cost of the priority projects and of the other projects in the candidate countries, considering that the cohesion policy targeted on these countries is an integral part of the scenarios outlined above.

Table 1. Growth of international freight traffic in % of tkm (EU27) according to different TEN-T construction scenarios

2020/2000 growth	All modes	Rail	Road
Trend	95%	88%	99%
European	96%	96%	96%
European +	104%	120%	96%

Source: Extended impact assessment of the proposal amending the amended proposal for a decision amending Decision No 1692/96/EC on the trans-European transport network, October 2003, Brussels

Table 2. Cost of different scenarios of TEN-T construction

Euro billion	Old Member States (EU15)	New Member States (CEE10 + Malta and Cyprus)	Total
Trend (business as usual)	71	26	97
European	161	49	210
European +	206	87	293

Source: Extended impact assessment of the proposal amending the amended proposal for a decision amending Decision No 1692/96/EC on the trans-European transport network, October 2003, Brussels

The study commended by the European Commission recommends following the "European+ scenario", which requires the most infrastructure building and is the most expensive.

However, as shown by Table 1, there is no important difference between the scenarios concerning future international road freight traffic volumes. In each of the three scenarios, international road freight traffic will nearly double in 20 years.

Thus, none of the three scenarios is in line with the strategy for sustainable development agreed by the European council at Gothenburg, which recommends "tackling rising volumes of traffic".

However, other studies prove that a sustainable vision of the future can also be drawn. A study prepared in cooperation by the Central European Initiative (CEI), the United Nations Environment Programme (UNEP) and the Organisation for Economic Co-operation and Development (OECD) focusing on the CEE countries shows that the objectives of a sustainable transport policy can be reached by 2030 by combining technological and transport management measures. [15] The main strategies and measures in this scenario are:

- Decoupling economic growth from transport consumption and related environmental impacts,
- A reduction of transport demand by changes in land use and mobility patterns as well as production and consumption patterns, a more efficient use of vehicles and infrastructure as well as broader use of telematics,

- A significant shift of passenger transport towards non-motorised transport, rail and public transport and of freight transport towards rail, inland and coastal shipping and combined transport,
- A considerable improvement of fuel quality and the technology of road vehicles towards ultra low emission vehicles (ULEV) and partly towards zero emission vehicles (ZEV) based on sustainably produced hydrogen fuel cells and,
- A positive development in rail technology and rail management and logistics towards higher efficiency and an improvement of power plants for rail electricity generation.

According to this study, a sustainable passenger transport requires a substantial increase of public transport (+71% from 1994 to 2030), and more than a doubling of rail transport (+128%). Sustainable development in freight transport shows similar requirements. The transport volumes by rail freight and inland shipping will have to be nearly doubled from 1994 to 2030 (+80% and +71% respectively). For road freight, 51% of growth is possible during the same period taking into account technological progress.

In order to meet sustainability criteria, the modal split in 2030 in the CEE region will consist of 42% cars and 58% public transport and rail compared to the mobility pattern of the mid-nineties of 47% car/53% public transport and rail. In freight transport a general reduction in transport demand is required. The modal split for freight transport in 2030 (28% road, 69,5% rail and 2,5% inland shipping) will remain more or less the same as in 1994 (32% road, 66% rail and 2% inland shipping).



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3. "Positive deviations" in the CEE transport sector still allow sustainable development

The evolution of the transport sector in the CEE countries was very different from those of Western Europe for historical and political reasons.

The planned economy of the socialist regimes focused on rail and public transport, while motorways were virtually absent in most of the CEE countries until the political-economical changes in 1989. In an economy characterised by low production and low incomes, the individual car was rare, and accessible only to a minority of the population. As a consequence, passenger transport was dominated by public transport and in freight transport railways played the main role. With the political regime change and the transformation of economic systems into a market economy, both the national economies and the transport sectors went through important changes. The share of the road sector has been increasing both for freight and passenger transport since 1990. However, despite these evolutions, the CEE countries still have transport and land use patterns much more close to sustainability criteria in many regards than the EU15 countries. [16]

Concerning the modal split of inland goods transport, the road sector had a share of 79% in the EU15 countries in 2002, while it was only 61,3% in the CEE10 countries, Malta, Cyprus and Turkey. [17] Although no comprehensive survey has been made comparing Western and Eastern European cities, available data indicate that the modal share of public transport and other environment-friendly modes are generally still much higher in the CEE cities than in Western European ones. [18] Concerning urban public transport coverage, many of the CEE countries still have dense and highly used public transport systems, and cycling is common in many rural settlements.

In 1999, the energy consumption of the transport sector per capita in the CEE10 countries was less than one third of that in the EU15. Similarly, CO_2

emissions per capita were one third, and NO_x emissions were less than half of those in the EU15 (Table 3).

Concerning land use, land taken by transport in the CEE countries is smaller than in the EU15. It is estimated that in 1998, road and rail infrastructure claimed around 0,82% of the total surface area in the CEE10 countries, Malta, Cyprus and Turkey and 1,3% in the EU15. [19] In practice, this signifies an additional area of about 26 700 km² occupied by rail and road infrastructure in the EU15.

Land fragmentation is also smaller in the CEE countries than in the EU15, with average areas not cut through by major transport infrastructure about 40% greater. However, these are only the direct effects of transport infrastructure on land use. Suburbanisation and the geographic sprawl of economic activities are also less advanced in the CEE countries. Concerning landscape and natural values, the region has some of the richest areas in Europe, the value of which will be inestimable for the enlarged Europe, if preserved.

With enlargement, Europe has a historic opportunity to shift towards more sustainable transport development. The White Paper on the European transport policy for 2010 – "Time to decide" – has recognised this. It states, "The existence of this particularly extensive, dense rail network and of significant know-how is a unique opportunity... which must be seized in order to rebalance the transport modes in an enlarged Europe. Every effort must therefore be made to convince the countries in question of the need to maintain the railways' share of the freight market at a high level, with a target of around 35% for 2010."

The same statement is expressed by the EEA in its TERM analysis which underlines that, "... the Accession countries still have lower environmental pressures arising from transport than is currently the case in the EU. It would be highly regrettable if this opportunity were lost". [20]

Table 3. Environmental pressures from transport in 2000

	CEE10	EU15	CEE10/ EU15
Energy consumption (kg oil equivalents per capita)	246	930	27%
CO ₂ emissions (kg per capita)	758	2186	35%
NO _x emissions (kg per capita)	8	17	47%

Source: Paving the ways for EU enlargement, 2002, European Environment Agency

PART II. TRANSPORT SECTOR TRENDS AND FINANCING IN CEE

1. Trends in the transport sector

Although major changes to the transport sector in the CEE region occurred mostly at the beginning and middle of the 1990s, this chapter focuses mainly on the basic trends which have occurred over the past few years and especially between 1997 and 2001. We have already characterised in the previous chapters the general transport trends since 1990. Also, several studies (including earlier studies from CEE Bankwatch Network) have dealt with CEE transport developments for the period 1990 to 1997. Therefore, with this study we wished to focus more on the trends of the recent few years in order to give an update on these processes. It needs to be stated that it is difficult to obtain a harmonised statistical time series covering the whole period after the political regime changes of 1989-1990.

1.1. Modal split changes

Concerning modal split changes, the trend in freight transport between 1997 and 2001 was a shift towards road transport in all CEE10 countries, except Bulgaria and, to a lesser extent, Estonia. The shift was particularly sizeable in Lithuania, Poland and the Slovak Republic, where the share of road transport in inland freight transport increased by 10% (Table 6 in Annexes and Figure 1). The shift towards road transport was less marked in Slovenia, the Czech Republic and Romania, although the share of road rose by more than 4% in these countries as well.





Source: Eurostat, Statistical yearbook on candidate countries, 2003

Regarding passenger transport, data are much more sparse. However, in countries where information is available the trend is towards a growing share of car use, where the share of car is downwards since 1994 (Table 4). (The only exception seems to be Hungary, however the relevant data are questionable. According to some estimates the amount of motor vehicle fuel brought into the Hungary from the neighbouring countries in the tanks of vehicles is equivalent to about 30% of the total Hungarian consumption. As the car use statistics are partly based on fuel consumption, this might be one of the reasons for imprecise data.) According to these statistics, the share of car use in passenger transport in the Czech Republic and in Slovenia is approaching the EU15 average (which was 84% in 2001).

1.2. Changes in the railway sector

In the CEE10 countries the length of railway lines in operation was reduced by 4,7% between 1997 and 2001 (Table 7 in Annexes, Figure 2). The reduction was drastic in Lithuania (15,1%), and also in Poland (9,5%) and Estonia (5,0%). In four countries, Bulgaria, the Czech Republic, Hungary and Slovenia, the railway network was slightly extended. In Latvia and the Slovak Republic no change occurred.



Figure 2. Changes in the length of railway lines in operation between 1997 and 2001 (%)

Source: Eurostat, Statistical yearbook on candidate countries, 2003

Concerning railway freight transport performance, the tendency was an enormous decrease in the majority of the CEE10 countries. In Poland and Bulgaria, the decrease was almost one third, and about one fifth in the CEE countries where data was available. The only significant exception for this negative trend is Estonia, where the railway freight transport performance grew by more than two thirds (Table 8 in Annexes, Figure 3). However, in this case the transit of Russian oil accounts for most of the volume, with increased risks of accidents and pollution.

Figure 3. Evolution of railway total freight performance between 1997 and 2001 (%)



Source: Eurostat, Statistical yearbook on candidate countries, 2003

Concerning passenger transport performance, in the majority of CEE countries, the trend was a substantial decrease: about 8% in Poland and the Slovak Republic, 30% in Estonia and Romania. The overall trend for the CEE10 was a decrease of about 15%. However, Hungary and Slovenia registered an upward trend (Table 9 in Annexes, and Figure 4). In Hungary, this is the result of the very good quality Intercity rail passenger service which was put in place in the 1990s. This service is characterised by a high quality, comfortable service linking the main Hungarian cities, which is massively used.

Figure 4. Evolution of railway total passenger performance between 1997 and 2001 (%)



Source: Eurostat, Statistical yearbook on candidate countries, 2003

1.3. Changes in the road sector

The evolutions for the road sector are very different than for those of the railways. The motorway network of some eastern European countries grew significantly between 1997 and 2001. Poland has doubled its network, and in Estonia, the Slovak Republic and Slovenia the motorway network's length increased by more than 30% (Table 10 in Annexes and Figure 5).

Table 4. Modal split of passenger transport, percentage share of cars

(Based	on	transport	by	passenger	cars,	buses and	coaches	s, and	trains in	passenger-km	1)
--------	----	-----------	----	-----------	-------	-----------	---------	--------	-----------	--------------	----

	1991	1994	1997	1998	1999	2000	2001	2002
Bulgaria	12,2 (e)	13,8 (e)	:	:	:	:	:	:
Czech Rep.	:	72,1 (e)	78,1 (e)	79,2 (e)	80,0 (e)	79,3 (e)	78,0 (e)	80,0 (e)
Estonia (1)		54,7	64,0	65,1	66,0	66,6	67,1	67,2
Hungary	63,5	64,6	64,8	64,1	63,0	62,1	61,9	61,7
Latvia	:	:	:	:	:	:	:	66,5 (e)
Poland	:	:	71,3	72,1	72,3	74,4	:	:
Slovenia	52,2	70,8	75,7	74,2	74,7	77,3	78,8	80,0
Slovakia	:	53,3	58,8	61,8	66,6	67,9	68,5	69,6

Source: Eurostat/National Statistical Offices/ECMT/UNECE/UIC /DG TREN

(e): estimation

(1) Based on transport by passenger cars, train, bus, tram and trolley-bus in passenger-km. Source: Estonian Road Administration

Figure 5. Evolution of the length of the motorway network between 1997 and 2001 (%)



Source: Eurostat, Statistical yearbook on candidate countries, 2003

Concerning road freight transport, there has been a very large increase, especially in the Baltic states but also in the other CEE countries. The exceptions are Bulgaria and Romania which registered a negative evolution (Table 11 in Annexes and Figure 6).

Figure 6. Evolution of road total freight performance between 1997 and 2001 (%)



Source: Eurostat, Statistical yearbook on candidate countries, 2003

The number of passenger cars also experienced enormous growth in the majority of the CEE10 countries, up to 36% for Latvia. Only Estonia registered a decrease but this is due to a statistical artefact.²

As a consequence of this huge increase in the number of cars, the motorisation rate has grown dramatically in the CEE. Some of the Baltic countries have experienced a growth of approximately 40% in four years. The average growth was very large as well, with 18% for the CEE10. (Table 12 in Annexes and Figure 7).

Figure 7. Evolution of the motorisation rate between 1997 and 2001 (%)



Source: Eurostat, Statistical yearbook on candidate countries, 2003

1.4. Changes in the waterway transport sector

Concerning freight transport performance in the waterway sector, the trend was a huge decrease in all countries, except Poland which registered growth of 35%. The overall decrease of the waterway transport sector performance in seven CEE countries was 27% (Table 13 in Annexes and Figure 8).

Figure 8. Evolution of waterway freight performance between 1997 and 2001 (%)



Source: Eurostat, Statistical yearbook on candidate countries, 2003

1.5. Changes in the air transport sector

Concerning air passenger transport, trends are upwards in all CEE countries except Bulgaria. In the ten CEE countries, the number of passengers transported

² In reality, the decline in passenger car numbers in Estonia occurred due to the elimination of cars from the register that had not reregistered over the past 10 years. The amount of "dead" cars earlier in the register was estimated to be approximately 10-20%. This means that the number of cars in the register does not reflect the number of cars in traffic. The Estonian Green Movement has estimated that the amount of cars in traffic in Estonia increased by 20% between 1997 and 2001 rather than dropped by 5%.

by air grew by 32% (Table 14 in Annexes and Figure 9).



Figure 9. Evolution of air passenger performance between 1997 and 2001 (%)

Source: Eurostat, Statistical yearbook on candidate countries, 2003

1) Transit included

2. Analysis of the International Financial Institutions' transport policies and funding in the CEE region

In the following chapters an analysis of the projects and policies of the International Financial Institutions (IFIs) in the CEE region is given. Traditionally the term IFI includes the multilateral institutions which are owned by its member states and which provide loans to governments or private companies in need of capital for investment projects. The World Bank Group, the EBRD and the EIB which feature in this study are examples of such IFIs. However, at the same time the financing arms of the European Union such as the Cohesion Fund (CF) and the pre-accession facility ISPA are hereby also included under the term 'IFIs'. While traditional IFIs disburse loans, these EU financial institutions provide grant assistance to EU member states or EU candidate countries.

2.1. EU funds

During the past few years, the European Union's grants to the transport sector of the Accession Countries were provided mainly through the Instrument for Structural Policies for Pre-Accession Aid (ISPA).

Between 2000 and 2002, 249 ISPA projects were signed for the CEE10 countries, of which 35% were allotted to the field of transport. Concerning the amount of ISPA contributions, only indicative data are available. On the basis of this information, ISPA support to the CEE10 countries was EUR 5 648 million during this period, of which 56% involved transport projects.

The distribution of ISPA aid to the transport sector varies country by country. ISPA grants were mostly invested into the road sector in Romania and Estonia, while in Poland, Lithuania and Bulgaria railways and road received roughly the same amount. In the other countries, the rail sector received the majority of ISPA support, up to 100% in Slovenia (Table 15 in Annexes).

That the rail sector in the Czech Republic, Latvia, Hungary, the Slovak Republic and Slovenia received the majority of ISPA support is very positive. In spite of this, its impact on the respective transport sectors of the countries was rather small. In Hungary, for example, the government took the opportunity of EU funding going to the rail sector to concentrate state investment on motorway construction.

According to the ISPA regulation, the EU shall provide assistance for *"Transport infrastructure measures which promote sustainable mobility, and in particular those that constitute projects of common interest* based on the criteria of Decision No 1692/96/EC and those which enable the beneficiary countries to comply with the objectives of the Accession Partnerships; this includes interconnection and interoperability of national networks as well as with the trans-European networks together with access to such networks."

However, several ISPA funded projects were criticised by national environmental NGOs both on environmental and economic grounds. This was the case for example with the extension of the Sofia airport, co-financed by ISPA grants. This very costly project does not seem to be justified by the passenger flows demand and has provoked serious concerns regarding its impact on the local population's well-being, as the airport is situated very close to settlements. The amount of loans involved and the very poor economic indicators raise the question of who will really benefit from the project and who will pay the bill at the end.

In Estonia, Hungary, and some other countries, IS-PA grants were provided to finance road rehabilitation. Considering the poor state of the existing road network in the CEE countries, in principle these developments should be deemed to be very positive. However, rehabilitation includes in several countries extra road strengthening works in order to conform to EU standards for heavy vehicles (raising the axle-load standard bearing capacity of roads from 10 to 11.5 tons). As this extra work is required only by a small percentage of vehicles even within the heavy freight road transport sector, it would be an important step towards fairer prices in the transport sector if the related costs were covered by those users which require such strengthening, instead of being covered by public money.

The D8/A17 motorway planned between Prague and Dresden that would pass through the Czech Middle Mountains Protected Landscape Area and the Eastern Krusne Hory Nature Park, crossing through valuable habitats, has received EIB funding and, in the case of the Krusne Hory section, also an ISPA contribution. Some controversial projects in the Czech Republic, which are part of Transport Infrastructure Needs Assessment (TINA) requesting CF contribution, are currently under preparation. In the realm of waterways, the planned construction of dams/weirs between Strekov and Hrensko conflicts with nature protection measures for the Elbe River. Yet more controversial is the Czech plan to start the construction of the Danube-Oder-Elbe canal, the first stage of which is also on the priority list of the Czech transport ministry for the Cohesion fund.

Overall, ISPA/CF support for the railway sector of the CEE countries is very positive. However, the grant mechanism should accord much more attention to the environmental impact and the economic soundness of the different projects, especially in the case of the road, waterway and air transport sectors.

It is also positive that the countries asking for transport aid from ISPA/CF must present their national transport strategy. The problem is that no criteria are applied to determine whether the national transport strategy conforms to the EU's sustainability principles. So these strategies have practically no influence on the decisions concerning ISPA/CF aid.

2.2. European Investment Bank

The European Investment Bank is the European Union's long-term financing institution, established to finance investment projects in support of EU policies.

Between 1998 and 2003, the EIB agreed to more than EUR 16 billion of loans for the CEE10. About half of this amount (47%) was dedicated to transport projects amounting to EUR 7 686,64 million (Table 16 in Annexes).

Figure 10. Share of transport sub-sectors in EIB investments between 1. 1. 1998 and 31. 12. 2003 (%)



Source:http://www.eib.org/projects/loans/regions/list.asp and own calculations

Figure 10 and Table 17 in the Annexes show that the majority of the EIB's investments in the CEE region focused on the road sector and two thirds of the investments concerned the road and the air sector combined. The railway sector obtained 17,5%, while the share of combined transport was 0,7%. Urban public transport obtained 7,5%, and waterway transport 0,9%. The rest of the transport investment (7,3%) went to urban infrastructure. This category contains a series of urban development projects in Hungary, Poland and Romania with investment schemes in

the transport, health and education sectors, as well as urban regeneration in different cities. Unfortunately, data about the part allocated for transport in these projects, and its use within the transport sector, wasn't available in the EIB's online project database.



On the basis of information available in the bank's online project database, it appears that roughly 65% of the amount invested into the road sector went to new infrastructure building, while 35% of the loan concerned road infrastructure reconstruction, rehabilitation or upgrading. Concerning infrastructure building, 41% of the total amount invested into the road sector went to motorway construction.

Regarding urban transport projects, 78% of the EIB's loans concerned metro network construction or rehabilitation, and 22% surface urban public transport.

Concerning the repartition by sub-sectors, the situation varies country by country. In Hungary the road sector had 25% of the investments, while in Latvia and the Slovak Republic road and rail investment were roughly equal. In the other countries the road sector received the overwhelming majority of the investments.

Regarding these data, we can state that the EIB's main investment activity supports the development of environmentally harmful transport modes in CEE, while environmentally friendly transport and especially urban public transport receive very few investments. However, when analysing individual projects, the picture is even more negative, and shows that the analysis of the summary data is not sufficient to have a real idea about the support of the different sub-sectors in CEE. This is best illustrated in the Slovak Republic, which received an important EIB loan for the "modernisation" of the Slovak railway company. The EIB made the loan conditional on many controversial requests such as the implementation - as a minimum of a future passenger tariff increase of at least 30% or to close or transform regional lines. Implementation of these EIB loan conditions caused a rapid decline in railway passenger numbers, who either started to use bus services (as the price increase was only 10%, making buses significantly cheaper than trains for the first time) or bought cars (especially in regions where the rail passenger service was closed). Moreover, the EIB prescribed Slovak railways a certain level of work productivity (comparable to the EU countries), which under the present low material furnishing of Slovak railway companies represents a threat to thousands of railway employees. Thus, this loan can hardly be considered to be supporting the railway sector in the Slovak Republic and contributing to the promotion of sustainable transport in the country.

Regarding the EIB's loan policy, two main problems persist. First, the environmental impacts of different projects are not examined adequately. The Environmental Impact Assessment (EIA) of the different motorway construction and ring-road projects tend to demonstrate that these projects have positive effects, or at least don't cause harm to the environment. This is stated even when they cut through natural reserve areas or human settlements. Secondly, the environmental impacts of the projects are examined separately. Even if one single motorway section in itself may have no disastrous effect on the environment, the negative impacts of the development of a motorway network are indeed significant. Also, most of the loans granted serve transit corridors but have to be paid back via national budgets.

2.3. The European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development has been the largest single investor in the CEE region and mobilises significant foreign direct investment beyond its own financing. But despite its public

Country	Road	Rail	Intermodal	Urban transport	Air	Water	Total
CEE10	185.483	351.081	13.600	96.000	15.785	-	661.949
Hungary	118.783	40.000	10.000	-	-	-	168.783
Romania	60.000	-	-	24	-	-	84.000
Poland	6.700	230.000	-	52.000	-	-	288.700
Bulgaria				20.000			20.000
Slovenia	-	-	-	-	-	-	0.000
Czech Rep.	-	10	-	-	-	-	10.000
Estonia	-	-	-	-	15.072	-	15.072
Latvia	-	19.559	3.600	-	0.713	-	23.872
Lithuania	-	51.522	-	-	-	-	51.522
Slovakia	-	-	-	-	-	-	0.000

Table 5. EBRD transport investments in the CEE countries between 1. 1. 1998 and 31. 12. 2003 (EUR million)

Source: http://ebrd.org and own calculations

sector shareholders, it invests mainly in private enterprises, usually together with commercial partners.

It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies, to support privatisation, the restructuring of state-owned firms and the improvement of municipal services. The EBRD uses its close relationship with governments in the region to promote policies that will bolster the business environment.

The EBRD invested EUR 662 million in the transport sector of the CEE countries between 1998 and 2003 (Table 5). The majority of the investment concerned the railway sector (53%). The road sector received 28%, the urban public transport 15%, and the air and the intermodal modes received both about 2% of the total transport investment.

Figure 11. EBRD transport investments in the CEE countries between 1. 1. 1998 and 31. 12. 2003 (% of transport sub-sectors in total of the transport sector)



Source: http://ebrd.org and own calculations

In terms of the distribution of the investment in the countries, the situation varies widely (Figure 11.). In Bulgaria only urban public transport projects were supported by the EBRD, in the Czech Republic and Lithuania only the rail sector, while in Estonia EBRD activity concentrated solely on the air transport sector. In Hungary and Romania the road sector obtained most of the investments, while in Poland and Latvia it was the rail sector.

If the overall data indicate greater support to environment-friendly transport development than to unsustainable development, nevertheless several particular projects financed by the EBRD have led to environmental and also economic problems.

One example is the construction of the M5 motorway (TEN-T Corridor IV) in Hungary by a concessionary system, financed partly by the EBRD. After the construction of this motorway and the introduction of tolls, trucks and cars seeking to avoid the tolls crowded onto parallel local roads, increasing pollution and traffic accidents in surrounding communities. Although this project began in 1995, in 2003 the EBRD was still involved in the project as a result of the refinancing of the existing investment in the toll motorway. In the end, the Hungarian government was forced to buy out the motorway from the concessionary company, abolish the tolls and include the motorway into the national vignette system (buying such a vignette gives the right to use all motorways in Hungary).

2.4. World Bank Group

Over a 15-year period, from 1989 to 2004, the World Bank Group (IBRD) has been lending a total of USD 4.7 billion for transport sector development in its Europe and Central Asia (ECA) region. The region includes both CEE countries and the Commonwealth of Independent States (CIS). Out of this amount, USD 1.5 billion has been lent to countries of CIS.

The World Bank was one of the key IFIs providing transport sector lending for the CEE region in the first part of the 1990s. While most of the lending went to highway construction and road maintenance in the early 1990s, loans for railway rehabilitation have increasingly been given since the mid-1990s (in Bulgaria, Romania, Croatia, Macedonia and Poland). Poland has remained the biggest borrower from the World Bank for transport infrastructure investment in the CEE region, receiving a total of USD 935 million in the financial years 1990-2004. While in the 1990s around USD 500 million was annually committed for transport sector projects in the ECA region by the World Bank, the lending volume dropped drastically down to USD 30 million in 2003. In the financial year 2004 the volume of transport sector lending from the World Bank to the ECA region has started to increase again.

With the exception of Poland, the Central European countries and Baltic states have stopped drawing on World Bank loans for transport sector investments. Hungary took its last transport sector loan from the World Bank back in 1995 while neither the Czech Republic, the Slovak Republic nor Slovenia have ever taken any loan from the World Bank for their transport sectors. As the new EU member states have for many years mainly borrowed from the EIB and used EU grant assistance through ISPA and Phare, the Balkan countries and CIS are receiving most of the World Bank transport sector financing in the ECA region. While the road and port sector still prevails, there have recently been several urban transport loans by the World Bank to countries of CIS, including Russia, Uzbekistan, Kyrgyz Republic and Turkmenistan.

The International Finance Corporation (IFC), a member of the World Bank Group, has received little interest from private sector borrowers in CEE for the transport sector. It has been involved in only one project where it provided a USD 50 million loan for the cofinancing of railway privatisation in Estonia in 2001.

Table 6. Volume of transport sector lending by World Bank in ECA region (USD million)

1994-1997*	518,4
1998-1999*	533,1
2000	207,1
2001	118,3
2002	67,1
2003	30,6
2004	337,5

*annual average

Sources: World Bank 2003 Annual Report and www.worldbank.org

3. National transport policies in the CEE countries

In this section we focus on some important evolutions which have occurred in the past few years in the national transport policies of some CEE countries. This section is based on a series of reports presenting the national transport policy developments of six CEE countries between 1998 and 2003: Bulgaria³, the Czech Republic, Estonia, Hungary, Poland and the Slovak Republic. As a complement we also present some features of the transport policy of a non-accession country, Ukraine⁴. Finally, future transport development plans are briefly overviewed, especially those developed by some CEE countries in order to receive support from the CF between 2004 and 2006.

3.1. National transport policies

3.1.1. Railway sector

In the past few years, important evolutions have occurred in the railway sectors of several CEE countries.

In some countries, the rail companies have gone through the privatisation and/or restructuring process. This was for example the case in Estonia and Poland. In Estonia the railway tracks were privatised as well, which makes uncertain the future possibility to use EU funds for the railway sector. In Poland the state rail company was restructured and transformed into several trade companies. However, the reform lead to a decrease in convenience for passengers since the different companies have different ticketing systems and the cost of a trip involving several companies increased.

In other countries the restructuring of the rail companies is ongoing. Common problems in the CEE region are the underfinancing of the sector by the state, which doesn't pay for the public service it orders, resulting in structural financial problems for the companies. This leads to a vicious circle of increasing indebtedness and to incapacity for investing in the rehabilitation of track and rolling stock which therefore suffer from decades of underinvestment. This situation results in constant decline in the attractiveness of the rail services through low operating speeds, the bad condition of the equipment, and often also a lack of attention to the minimal standard of comfort and cleanliness of the wagons. Exceptions to this tendency are some intercity lines which have been rehabilitated in several countries and where the quality of service has been ameliorated. The financial problems of the companies threaten a large part of the regional lines and thus can lead to the cutting back of the rail service. However, the examples of countries which have proceeded with serious cuts to the railway lines, like Poland and the Slovak Republic, demonstrate that this is not a good solution either for rural areas or for the railway companies in question.

The rehabilitation with EU funds of several Trans-European railway corridors is ongoing or planned in the near future in many CEE countries. However, no such plans exist for the regional lines (apart from some suburban sections), many of which face an uncertain future. Similarly, no EU funds are available for the renewal of the rolling stock.

In most of the CEE countries there is no long-term strategy for the development of combined transport, which makes it impossible to identify investment priorities and reduces the possibility of continuous development in this area.

3.1.2. Urban public transport

The situation with urban public transport is very similar in most CEE countries, although its administrative and legal conditions may be different. In general, responsibility for urban public transport shifted from the state to local self-governments, a shift accompanied by the reduction or cancellation of state subsidies. The subsidies provided by the local governments were often reduced as well, as they themselves have been facing difficult financial conditions. This was especially characteristic of the early and mid 90s. In Budapest, for example, the municipality subsidies to the public transport company were reduced by two thirds between 1990 and 2000. The overall result is very similar to that of the railway sector, and has lead to an unstable financial situation and increasing debt problems for the companies. The companies often have difficulties even to maintain the level and operability of the public service. Almost everywhere there are difficulties to invest in track rehabilitation and the renewal of equipment. In Prague, for example, at the present rate of renewal, it will take 50 years to replace the current obsolete tram vehicle park. In Budapest at least 40 billion Hungarian Forints (HUF) would be needed annually just for the maintenance and renewal of the Budapest Public Transport Company's exist-

¹ Sources: National transport policies between 1998 and 2003: Poland, Slovakia, the Czech Republic, Estonia, Latvia, Hungary and Bulgaria – CEE Bankwatch Network, 2003

² Overview of the transport sector of Ukraine, CEE Bankwatch Network, 2003

ing tracks and rolling stock, while it spends only HUF 4–6 billion annually for this purpose.

The consequence of this policy is a reduction in the attractiveness of public transport compared to the individual car. Even if the passenger transport performances of urban public transport have stabilised in many cities in the last few years, the share of public transport is decreasing. The attractiveness of urban public transport is further reduced by the difficult traffic conditions induced by increased car use, and the growing frequency of traffic jams which have a particularly disastrous effect on the operating speed, and thus on the reliability, of bus services for example. Hence the attractiveness of public transport could be increased by relatively cheap measures, like the introduction of reserved lanes for public transport vehicles, or priorities at traffic lights. Unfortunately, the general tendency is for a lack of political will to implement a traffic management strategy favouring public transport vehicles. Some cities are the exceptions to the rule and have made efforts to introduce such measures.



Another problem lies in the tendency of the population moving out from the city and the resultant uncontrolled suburban sprawl. This trend strongly favours an increased car use since suburban areas are difficult to provide with a public transport service. The development of suburban rail systems could be a solution to the ever-growing number of persons commuting by car into the cities. Public transport fares and fuel price policies also have a strong influence on the attractiveness of public transport. Unfortunately, the fares of public transport have a tendency to rise faster than fuel prices, which encourages many people to invest in a car and to abandon public transport. In Budapest, a very strong correlation between the fluctuation of fuel prices and the use of the public transport services was noticed. The same can be said about parking policy. Parking fares and the number of parking places in city centres or near residential areas strongly influence car use. Some initiatives have been made to institute a parking policy which stimulates the use of public transport, but again this policy is not generalised.

It is interesting to note that the situation of urban public transport is very similar in other CEE, not yet accession, countries, like for example in Ukraine. Economic transition in Ukraine has had a significant impact on both city and national-level public transport. One of the most negative features during the 1990s was the lack of funds and investments. Besides the poor service quality, the large number of outdated vehicles could lead to safety problems as well. Both of these problems have stimulated a switch to private car use for people who can afford it.

3.1.3. Road sector

The road transport policies of CEE countries show many similar features. Although national transport policy programs have focused strongly on motorway development, the motorway network's length has grown much less than was planned between 1998 and 2003. For example, this was true for Hungary and Poland. One of the first measures of the new governments in these countries was to double efforts on the motorway construction programme. In 2002 the Polish government presented the programme named "Infrastructure – The key to development". This document focuses mainly on building motorways and expressways without mentioning any aspects of sustainable transport.

In April 2003 a law on special regulations for the preparation and implementation of the investments concerning national roads was passed in Poland. This so-called "special law", valid till 2007, suspends regulations concerning environmental protection and some other laws, and enables the investor to quickly purchase the necessary land. This document seems to be incompatible with the EU directives that seek to ensure both public participation in the decision-making process and adequate environmental protection.

Similarly, in March 2003, the Hungarian government adopted a resolution about the medium and longterm tasks related to the development, maintenance and use of the national public road network, as well as

some related financial issues. According to this resolution, the expressway network should be 2500 km long by 2015. In December 2003, the Parliament accepted an "Expressway Development Act" which assures the financial basis of the expressway constructions for the next four years and takes away a large part of the "juridical obstacles" from the construction, declaring that the decisions of the relevant authorities concerning the environmental and construction permits are immediately executable. The law declared the construction of 636 km of new expressways for the next four years, of which 439 km will be motorways. This law seems to breach a number of regulations concerning the right to information, public participation and the right to justice, and therefore Hungarian NGOs submitted a complaint to the United Nations Aarhus Convention Compliance Committee.

The development of the backbone transport network, including roads, is one of the Czech Republic's priorities as well. The proposed TINA Network that is included into the maps that create part of the Accession treaty contains numerous new motorways, future upgraded railway corridors, airports, combined transport terminals, and a completely new waterway, the Danube-Oder-Elbe canal. The TINA priorities are designed to create a transport system which would be able to reflect the expected sharp increase of EU freight traffic transit, particularly on roads. Several motorway projects are significantly controversial for their impacts on the environment and natural landscape.

After the new government came to power in 1998 in the Slovak Republic, it decided to continue with the ambitious highway construction plans adopted by the previous government, arguing for the need to fulfil the requirements of the EU in relation to the trans-national corridors of TEN and TINA. The revised highway and new expressway construction programs, approved by the government on February 21, 2001, aim to finish the construction of four motorway corridors which will amount to a total length of highways of 659 km and plans six expressways corridors with total length of 874 km. All the motorways and two of the expressways are part of the TINA corridors. The latest actualisation of the highway construction program, adopted by the government on June 26, 2003, confirmed such highway and expressway construction plans; and in addition asked the Minister of transport to start preparations for the new expressway corridor Bratislava-Nové Zámky-Lučenec. Costs for the highway construction program have had an impact not only on the growing foreign debt but also on the other allocations from the state budget in the chapter of the Ministry of transport, resulting in pressure to decrease budget allocations for road rehabilitation and maintenance.

The road transport policy of the Baltic countries seems to be different, with much less focus on new infrastructure building. In Latvia, the activities arising from the National programme for maintenance and development of the state road network for 2000-2015 are mainly focused on maintenance, taking into account the poor quality of the roads. The situation seems to be similar in Estonia where, due to the small road transport volumes, projects are mostly limited to the rehabilitation of the existing infrastructure, building out intersections and widening roads (however, this latter can also have negative impacts, since it induces more traffic).

In Ukraine, the only non-accession country we have some information about, the situation seems to be close to that in the Baltic countries: most of the present initiatives of the government are aimed at restructuring and repairing the existing transport network. However, some of the most recent activities aimed at the construction of a new waterway from the Danube to the Black Sea may lead to serious and irreversible environment damage.

3.2. Developments planned within the Cohesion fund strategy between 2004 and 2006

It is important to note that the data presented below is extracted from the national CF strategy documents for 2004-2006. Thus the data show only the amount of money that the countries plan to invest into the different transport sub-sectors with the help of the Cohesion fund and not the grants accorded in reality. As a matter of fact, allocations from CF for transport infrastructure in individual countries in 2004-2006 will be several times smaller than the totals that are coming out of the national strategy papers which instead represent more wishful thinking than an acknowledgement of reality.

Poland

EUR 2 458,1 million is foreseen (at 2004 prices) for transport development projects between 2004 and 2006 in the framework of CF, of which 85% will be covered by the Fund. According to the plan, railway line modernisation constitutes about 43% of the total CF expenditure on transport. Motorway and expressway construction and reconstruction of national roads constitute some 57% of the expenditure (Table 17 in Annexes). Pre-financing and co-financing of CF projects will be supported by EIB.

The Czech Republic

EUR 2824,5 million is foreseen for transport development projects between 2004 and 2006 in the framework of CF, of which 11% is planned for motorway construction, 44% for railway rehabilitation, 9% for the air sector and 35% for waterway rehabilitation and development (Table 18 in Annexes).

The Slovak Republic

EUR 345,5 million is foreseen for transport development projects between 2004 and 2006 in the framework of CF, of which 61% will be allocated for motorway construction, and 39% for railway rehabilitation (Table 19 in Annexes).

Hungary

EUR 653 million is foreseen for transport development projects between 2004 and 2006 in the framework of CF, of which 70% will be allocated to motorway construction, 25% for railway rehabilitation and 5% for air transport development (Table 20 in Annexes).

Estonia

EUR 219,4 million is foreseen for transport development projects, of which 41,5% will go to road reconstruction and rehabilitation, 1,2% to railway reconstruction/rehabilitation, 3,8% to air transport infrastructure construction/rehabilitation, 45,9% to seaport construction/rehabilitation and 7,5% for other purposes, including technical assistance in project preparation (Table 21 in Annexes).

Thus, with the help of CF between 2004 and 2006, Poland, the Slovak Republic and Hungary plan to invest much more money into motorway construction than for any other transport purposes. In contrast, the CF strategy of the Czech Republic focuses rather on railways and waterway development. However, for the latter the major part of the money is forseen for a very controversial waterway project: the first phase of the Danube-Oder-Elbe canal project. Estonia prefers to concentrate on road rehabilitation/reconstruction, but the development of maritime shipping is among the top priorities of the country as well.

3.3. Pitfalls of the national transport strategies of the CEE countries

 Several CEE countries (Poland, the Czech Republic, the Slovak Republic, Hungary) concentrate their transport policy on massive motorway and expressway construction programmes, using the argument of the necessity to develop TEN-T corridors, and demand huge funding for this purpose from the European Commission and European financial institutions. This strategy raises the following problems:

- Allocation of means for building motorways leads to neglecting the maintenance of already existing roads, and causes their speedy de-capitalisation. This problem is particularly important in the CEE countries, where existing road transport infrastructure is often outdated, badly lacking repair, maintenance and renewal. The Declaration "Towards a European Wide Transport Policy" adopted at the Helsinki Conference of the transport ministers in 1997 states that "Emphasis should be given to improved use of existing infrastructure and related services and, by applying appropriate methods of analysis to modernisation, to rehabilitation and construction projects." Furthermore, the governments' prioritisation of new road construction at the expense of basic maintenance is undermining road safety, and will lead to an increasing number of accidents.
- Against a background of very limited investment resources in the CEE countries, concentrating huge financial resources on motorway construction signals automatically decreased funds for the other transport sectors, like railways, urban and interurban public transport or non-motor-ized transport modes. Moreover, the massive motorway construction programmes will increase foreign debt, since the national traffic levels do not allow for putting in place concessionary systems, and the low purchase power of citizens doesn't permit the introduction of high toll or user charge systems, and thus the proper application of the user pays or the polluter pays principles.
- Massive motorway construction programmes promote car use and road freight traffic at the expense of other transport modes, since no economic measures are taken in parallel to internalise the external costs of road transport and thus decrease its attractiveness and prevent this negative effect. Motorways often run parallel to railways, the competitiveness of which decreases as a result.
- Motorways built with the help of European aid with the main aim of connecting European regions and reinforcing European cohesion have a strong influence on the local urban transport of the affected agglomerations through the promotion of urban sprawl and the loss of competitiveness of urban public transport. In Hungary new housing developments in natural areas are advertised by the argument "Only 30 minutes from the city on the motorway". Taken together with the worsening life conditions in the cities, this leads to uncontrollable and unsustainable land use patterns, and also spoils natural areas of rich ecological value. Thus transport grants aimed at improving European

cohesion and transport conditions negatively influence national traffic conditions, while no grants are available for the financing of local public transport systems.

- TINA priorities are designed to create a transport system for the needs of EU freight traffic, particularly on roads. For the typically transit countries of Central Europe, it would be much more important to look for ways to limit the volume of the transit traffic on roads by, for example, the adequate and timely implementation of a toll system that would motivate freight transport to shift to the railways or to combined transport. In the Slovak Republic, EU corridors are strongly preferred over inter-regional connections despite the fact that statistics on the present transport flows prove that regional and in-country transport dominate over international flows. As a result, highways are planned for construction to a significant extent in the corridors where present traffic and internal rates of return (IRR) are very low.
- In most of the CEE countries (especially Bulgaria, the Czech Republic, Hungary, Poland and the Slovak Republic) motorway construction plans conflict seriously with natural areas of high ecological value. It is widely recognised that the unspoiled landscapes and natural areas of rich biodiversity still existing in the CEE countries bring an inestimable plus to the quality of the environment and nature of the European Union. It would be highly irresponsible to destroy this through irrational infrastructure development which gives no consideration to ecological values.
- The massive motorway construction programme in these countries also raises serious issues concerning democracy. In the Slovak Republic and Hungary no strategic economic, environmental and social analyses were made while designing the highway construction programs, and the public was not consulted at all. Thus planning is to a large extent biased under the influence of the highway lobby. In the Czech Republic strategic environmental assessments are made but systematically ignored by the authorities. In the Slovak Republic "salami tactics" (i.e. the construction of many small sections of controversial corridors instead of finishing sections justified by present demand) are being used to justify the need to complete some of the controversial corridors - in particular the Kosice-Bratislava connection. In Poland and Hungary "expressway development acts" recently adopted clear away many of the juridical obstacles from the motorway construction programmes and take away juridical possibilities from citizens to take steps against the constructions.

 No programmes exist to solve the financial and infrastructure problems of the railways and public transport; railway development programmes focus mainly on international transport corridors.



- Railway companies are generally heavily indebted due to the fact that the governments do not pay for the services they order. For many years in Hungary, Poland and the Slovak Republic the governments have failed to pay for the passenger transport services they ordered from the railway companies. This has meant that the railway companies have had no resources left for maintenance and renewal of the tracks and rolling stock. Although the political changes and the restructuring of the economy have largely contributed to the substantial decrease in passenger rail transport and an even greater decrease in freight rail transport in these countries, the failure of the state to pay for the services it ordered is primarily responsible for this process.
- Generally the railway companies are considered as one inseparable entity, leadings to the concept of "self-financing" railways, which in practice has meant that the profits of the railway freight sector have been used to cover the losses of the railway passenger sector. This has also resulted in the rapid deterioration of the railway freight services. This practice completely contradicts the EU's basic principles of free market economy and fair competition. This is a situation as absurd as one where the profits of truck companies are completely taken away to finance public transport. Therefore there is an urgent need

for the governments to give back to the railway freight sector the money which they have taken away from them.

- Local governments are also moving away from the financing of public transport. For example, between 1990 and 2000 the Budapest Municipality reduced its contribution to the Budapest Public Transport Company by two-thirds, which means that over these 10 years the company lost an income equal to three times its yearly budget.
- Improving the attractiveness of railway and public transport would require large investments in tracks and rolling stock. In many CEE countries, the speed of trains had to be reduced (on some lines quite considerably) in comparison with the original design speeds on large parts of the rail network including a number of main lines. The freight and passenger wagon fleet are obsolete. Similarly, urban public transport requires a significant amount of investment for the upgrading of the most obsolete vehicles and the rehabilitation of tracks. Due to the lack of sufficient financing, railways and urban public transport are losing ground to the environmentally much more harmful transport modes.
- 3. No measures are being taken to introduce a fairer pricing system, which would improve the competitiveness of environmentally friendly transport modes. Instead of this, economic and financial policies favour shifting towards the road sector.
- Road transport is not paying its full costs and is even paying its costs less and less. According to a study launched by the Central European Initiative [21], the external costs of transport in seven CEE countries varied between 9,8% and 14,4% of the GDP in 1995 (Table 22 in Annexes). Road transport was responsible for the overwhelming part of these costs – between 87% and 96% by countries (Figure 12 and Table 23 in Annexes). Yet, no measures have been taken to internalise the external costs of transport in the CEE. For example, the petrol price in Hungary during the last 12 years has increased less than inflation, which has meant a growing indirect subsidy to road transport. The state revenues from excise duties (which consists mostly of excise duties on motor vehicle fuels) have decreased in real terms from year to year while taxes on labour have risen the same as inflation (or have even substantially increased if one considers the taxes per employee).
- In several countries there have been huge subsidies to car manufacturing (tax and customs allowances, cheap land etc.). The manufacturers of

public transport and railway vehicles generally did not receive any similar subsidies.

- Air transport also receives huge subsidies. In most countries there has been substantial state aid to the national airway companies, and the state has also been financing airport constructions. Moreover, air transport in the CEE countries receives all the hidden subsidies that it receives in the old EU member states (the external costs are not internalised, there is no excise duty on aviation fuel etc.).
- Fraud and crime also widely contribute to the distortion of transport costs and evasion of the user-pays-principle. The Helsinki Declaration describes as one of the means to implement the principle the "reinforced cooperation and coordination among all parties concerned in order to reduce fraud and crime in international transport." A large part of road freight transport is closely related to the black market. Smuggling and tax evasion by truck drivers is being practised on an enormous scale. (For example, it is estimated that in Hungary more than 50 per cent of the truck transport for construction work is carried out without the payment of taxes. Also, in Hungary the value of the criminal activities discovered by the Customs Guard and relating to international transport totalled about EUR 200 million in 2002, and it is also estimated that these discovered cases constitute only 10-15% of all cases.).
- Fuel is one of the products which is partly smuggled, partly legally transported ("fuel tourism") across borders in the tanks of motor vehicles in great quantities in Central and Eastern Europe. The main reason for this is the fact that fuel prices vary greatly among the countries. This partly illegal but in any case undesirable activity also generates a lot of unnecessary traffic and causes substantial environmental pollution. For example, the amount of fuel brought into Hungary in the tanks of cars, trucks and buses from countries where fuel is cheaper than in Hungary (especially Romania and the Ukraine) is equivalent to about 30% of the total Hungarian consumption. In Germany, one of the main arguments against the raising of fuel taxes as part of environmental tax reform is the growth in fuel tourism, especially in relation to Poland.
- 4. Public awareness on environmental issues is generally low in the CEE countries. Public participation is often non-existent or done only in a formal way. Access to justice concerning environmental issues is rather limited.
- In many cases citizens and their organisations are not consulted or not properly consulted before

decisions are taken on transport infrastructure development. Even if they are consulted, the authorities often neglect their proposals. (For example, the inhabitants living near the planned North-Eastern section of the MO motorway in Budapest, Hungary learned about its construction in the spring of 1998, when they saw with alarm that huge construction machines were passing near their homes.) The CEE governments have never initiated any public discussion on the possible advantages and disadvantages of their motorway construction program, and they constantly present very one-sided propaganda to the public.

• The lack of capacity and expertise also makes it difficult for citizens and NGOs to participate in the decision-making process. The revenues of non-profit organisations are significantly less than those of their counterparts in developed countries. People in Western Europe recognise and appreciate the work done by non-profit organisations by granting them money. This is not a well-established practice yet in the CEE countries. Besides, in Western European countries the state contributes a much higher share of the income of NGOs than in Hungary, for example.

• Even in those countries which have ratified the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, there is still a great deal to be done in order to implement it in everyday practice.

PART III. CONCLUSIONS AND RECOMMENDATIONS TOWARDS A POSITIVE CHANGE

The current and planned national transport policies of the CEE countries strongly undermine the prospect of sustainable development taking root in these countries. The policies appear to be a crucial step towards shifting these countries in the direction of the vicious circle of unsustainable transport development and land use, from which it will be very difficult to emerge afterwards. At the same time, the European Commission and the European financial institutions, especially the EIB, are instrumental to this process with their aid and loan policies which do not take into account the urgent need for a sustainable transport policy. However, the European Union has fully recognised that "The Candidate Countries have the opportunity to make progress towards an economic development that is sustainable and avoids the type or scale of environmental problems now faced in Western Europe". [22] With the accession of these countries, not only the CEE countries but also the whole European Union has a historic opportunity to shift towards sustainable development, and also to accelerate the process of integrating environmental concerns into the transport policies of the "old" member states.

In order not to lose this opportunity, the national governments in the CEE countries must elaborate economically, environmentally and socially sound transport policies instead of focusing on heavy infrastructure development at any price.

RECOMMENDATIONS FOR THE EUROPEAN INSTITUTIONS

It is important that EU funds, as well as EIB and EBRD loans, are in line with the EU Sustainable Development Strategy and promote sustainable development and environmentally friendly solutions.

- Before deciding on any transport aid or loan the national transport strategy of the country concerned must be examined in light of the EU's Sixth Environmental Action Programme and the EU Sustainable Development Strategy. If the transport strategy in question does not conform to these, no aid or loan should be given for any transport project.
- 2) The transport CF and ISPA should contribute to the development of balanced and environmentally friendly transport systems and not to the expansion of individual car usage, as is the case now. The financing of urban public transport should

be given high priority in the guidelines for use of the CF. For the 2007-2013 period, the achievement of national transport priorities should be at the core of CF investments, rather than the expansion of trans-European connections.

- Public transport projects should be considered for financing as a factor contributing to the achievement of the general EU objectives on air quality and the combatting of climate change.
- 4) The guidelines for pre-accession funds should be revised in the spirit of the EU Sustainable Development Strategy. The guidelines for future Structural and Cohesion funds should integrate sustainability criteria.
- 5) The EU and IFIs should not finance projects which may destroy protected natural areas or endanger biodiversity.
- 6) As the existing transport infrastructure in the CEE countries is badly in need of maintenance and renewal, the EU and IFIs should finance the reconstruction and modernisation of old infrastructure rather than the construction of new roads.
- 7) The EU should encourage the CEE countries to take steps towards internalising the external costs of transport. This should concern in the first place heavy trucks and traffic in densely populated areas.
- 8) Experience in the CEE countries shows that transport authorities operate like a state within a state their planning and decision-making does not receive public scrutiny. It is absolutely essential to convince people that the planning is here for them and not just to satisfy untransparent official structures and construction lobbies.
- 9) The subsidising of car manufacturing should be stopped.
- 10) No financial aid whatsoever should be granted to air transport.
- 11) As railway freight transport has been systematically downgraded due to political decisions made by the governments and not because of normal market processes, financial aid must be given to improve goods transport via rail, especially long distance transport.

- 12) The costs of the road surface strengthening programmes, the purpose of which is to raise the axle-load standard bearing capacity of roads from 10 to 11.5 tons in order to conform to EU norms, should be borne by the operators of vehicles with an axle load of over 10 tons. No public money should be used for this purpose.
- 13) More funding should be provided for the revitalisation of brownfields in order to slow down urban sprawl and the related transport growth.
- 14) Every funder (IFI's, the European Commission etc.) must be made liable for the investments they fund. If the investment ultimately does not fulfil expectations (its financial rate of return is much lower than projected, the environmental goals are not achieved etc.) then the funder must pay compensation for the damage (in the case of loans, a certain part of the loan should not be repaid).
- 15) Strategies and programs on which financing from EU funds is based should be subjected to Strategic Environmental Assessment in a systematic manner (which is not the case now, as it is done in only a few countries and, in some cases, on rather a random basis).
- 16) CEE governments should be urged to increase their fight against fraud and crime in transport

(including tax evasion and breaching of the regulations concerning traffic safety). The institutions dealing with these issues must be strengthened. Moreover, the funding institutions concerned must be made aware of the fact that public funding for the road sector is funding for an activity which gets a substantial part of its income through crime and fraud.

- 17) To solve the problem of fuel tourism and fuel smuggling the EU must strive to harmonise fuel prices all over Europe. The EU should make it clear to governments outside of the EU that it will not tolerate the indirect support (low fuel taxes) for the smuggling of fuels. However, even before this happens, serious measures should be taken to reduce fuel tourism and smuggling from outside the EU.
- 18) As public awareness concerning the environment is generally low in the CEE countries, EU aid must be given to change this situation. The capacity of specialised authorities as well as nongovernmental organisations should be strengthened so that they have a say in the preparation and control of decisions. More efforts should be made so that the provisions of the Aarhus Convention are enforced, that is the right of citizens to obtain information on the environment, to have substantial influence in decision-making and to have access to justice.

Footnotes

- [1] The length of motorways in the EU15 increased from 16051 to 52762 km between 1970 and 2001 while the number of passenger cars grew from 62,48 million to 184,7 million. The motorization rate changed from 184 to 488 cars per 1000 inhabitants. Source: EU Energy and Transport in figures, Statistical pocketbook 2003, European Commission, Directorate-General for Energy and Transport.
- [2] The number of cities with an urban tram or light rail system decreased from 157 to 92 between 1960 and 1990. Since 1990, the number of cities with a tram service has risen to 102. Source: EU Energy and Transport in figures, Statistical pocketbook 2003, European Commission, Directorate-General for Energy and Transport.
- [3] It includes transport by road, rail and inland waterways, in tonne-km. Source: Eurostat.
- [4] Including road, rail and inland waterways only (in tonne-km).
- [5] Source: EU Energy and Transport in figures, Statistical pocketbook 2003, European Commission, Directorate-General for Energy and Transport, in co-operation with Eurostat.
- [6] These percentages refer to the population living in urban areas covered by monitoring stations, representing 80,3 million persons in 1999 in the EEA 18 countries (EU-15 + Norway, Iceland and Liechtenstein). Source: EEA, Paving the way for EU enlargement, 2002, and Indicator fact sheets, TERM 2002 04 EU+AC (AP12a) – Exceedance days of air quality threshold values of ozone in urban areas.
- [7] 8-hour average concentrations above 110 μg/m3. Source: EEA Indicator fact sheets, TERM 2002 04 EU+AC (AP12a) – Exceedance days of air quality threshold values of ozone in urban areas.
- [8] Representing about 120 million people. Source:EEA, Traffic noise: exposure and annoyance.
- [9] In the European Union, this distance was 17 km per inhabitant in 1970 and 35 km per inhabitant in 1998. Source: White paper, European transport policy for 2010, time to decide, European Communities, 2001.
- [10] Excluding international aviation and maritime shipping. Source: EEA indicator fact sheet, TERM 2002 02 EU – Transport emissions of greenhouse gases by mode.

- [11] EEA-17 refers to EU-15, Norway and Iceland. Transport energy consumption increased by 22% between 1990 and 2000, and equalled 365 Mtoe (million tonnes oil equivalent) in 2000. Source: Indicator fact sheet TERM 2003 01 EEA-17 Transport final energy consumption by mode.
- [12] Communication from the Commission, A sustainable Europe for a Better World: A European Union strategy for sustainable development (Commission's proposal to the Gothenburg European Council), May 2001.
- [13] Presidency Conclusions, Gothenburg European Council 15 and 16 June 2001, II. A strategy for sustainable development.
- [14] Commission Staff Working Paper, Extended impact assessment of the proposal amending the amended proposal for a decision amending Decision No 1692/ 96/EC on the trans-European transport network, COM(2003)564 final, Brussels, 01.10.2003.
- [15] Towards Sustainable transport in the CEI countries, Austrian Federal Ministry for environment, Youth and Family, Vienna 1999.
- [16] Paving the way for EU enlargement, Indicators of transport and environment integration TERM 2002, European Environment Agency, Copenhagen 2002.
- [17] Source: Eurostat, Free data, Structural Indicators. The unit used is the tonne-kilometre (tkm), and includes transport by road, rail and inland waterways.
- [18] Some data are provided by the Citizens' Network Benchmarking Initiative Report "Results of the common indicators: Statistical indicators on local and regional passenger transport in 40 European cities and regions", European Commission DG Energy and Transport, 2002.
- [19] CEE10 + Cyprus, Malta and Turkey. Source: EEA, Paving the way for EU enlargement, 2002.
- [20] Paving the way for EU enlargement, 2002, European Environment Agency.
- [21] External costs of transport in Central and Eastern Europe, OECD and Austrian Ministry of Agriculture, Forestry, Environment and Water Management, 2003.
- [22] Proposal for a decision of the European Parliament and of the Council laying down the Community Environment Action Program 2001-2010, Commission of the European communities, 2001.

Annexes

	1997	2001	Absolute change 1997-2001	Relative change 1997-2001
Lithuania	37,4	51,7	14,3	+38,2 %
Poland	48,1	60,3	12,2	+25,4 %
Slovak Rep.	52,5	62,9	10,4	+19,8 %
Latvia	19,4	27,4	8,0	+41,2 %
Hungary	60,8	67,8	7,0	+11,5 %
Slovenia	35,9	41,3	5,4	+15,0 %
Czech Rep.	65,1	69,7	4,6	+7,1 %
Romania	45,1	49,6	4,5	+10,0 %
Estonia	35,2	35,3	0,1	+0,3 %
Bulgaria	76,7	60,5	-16,2	-21,1 %

Table 7. Share (tkm) of road in total inland freight transport (road, rail, inland, waterway, %)

Source: Eurostat, Statistical year book on candidate countries, 2003

Table 8. Length of the railway network (lines in operation in km)

	1997	2001	1997-2001
Lithuania	1 997	1 696	-15,1 %
Poland	23 328	21 119	-9,5 %
Estonia	1 018	967	-5,0 %
CEE10	50 653	48 292	-4,7 %
Romania	11 380	11 015	-3,2 %
Slovakia	3 673	3 665	-0,2 %
Latvia	2 413	2 413	0,0 %
Bulgaria	4 291	4 320	+0,7 %
Czech Republic	9 430	9 523	+1,0 %
Hungary	7 593	7 680	+1,1 %
Slovenia	1 201	1 229	+2,3 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003

Table 9. Railways total freight (million tonne-km)

	1997	2001	1997-2001
Estonia	5102	8557	+67,7 %
Latvia	13970	14179	+1,5 %
Slovenia	2852	2837	-0,5 %
Hungary	8147	7731	-5,1 %
Lithuania	8622	7741	-10,2 %
CEE9 ¹	156937	126589	-19,3 %
Czech Republic	21010	16882	-19,6 %
Romania	22111	16102	-27,2 %
Poland	67679	47656	-29,6 %
Bulgaria	7444	4904	-34,1 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003

¹ Without the Slovak Republic

Table 10. Railways total passenger transport (million passenger-km)

	1997	2001	1997-2001
Slovenia	616	715	+16,1 %
Hungary	8669	10005	+15,4 %
Czech Republic	7721	7299	-5,5 %
Slovakia	3057	2805	-8,2 %
Poland	19928	18208	-8,6 %
CEE10	63930	54410	-14,9 %
Estonia	262	183	-30,2 %
Romania	15795	10966	-30,6 %
Lithuania	842	533	-36,7 %
Latvia	1154	706	-38,8 %
Bulgaria	5886	2990	-49,2 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003

Table 11. Length of the motorway network (km)

	1997	2001	1997-2001
Poland	264	398	+51 %
Estonia	68	93	+37 %
Slovak Rep.	219	296	+35 %
Slovenia	330	435	+32 %
CEE10	2584	3045	+18 %
Hungary	381	448	+18 %
Czech Rep.	485	517	+7 %
Bulgaria	314	328	+4 %
Lithuania	410	417	+2 %
Latvia	0	0	0 %
Romania	113	113	0 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003

Table 12. Road total freight (million tonne-km)

	1997	2001	1997-2001
Estonia	2773	4677	+68,7 %
Lithuania	5146	8274	+60,8 %
Latvia	3352	5359	+59,9 %
Slovenia	3880	5507	+41,9 %
Slovakia	15350	20233	+31,8 %
Hungary	14856	18503	+24,5 %
CEE8 ²	149685	177216	+18,4 %
Poland	63688	74403	+16,8 %
CEE10	197940	203807	+3,0 %
Czech Republic	40640	40260	-0,9 %
Romania	21750	18544	-14,7 %
Bulgaria	26505	8047	-69,6 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003

² Without Bulgaria and Romania

	1997	2001	1997-2001
Lithuania	9	1	-88,9 %
Bulgaria	600	339	-43,5 %
Romania	4326	2746	-36,5 %
Slovakia	1519	1015	-33,2 %
CEE9 ³	9599	7003	-27,0 %
Hungary	1441	1055	-26,8 %
Czech Republic	783	606	-22,6 %
Poland	921	1241	+34,7 %
Estonia	0	-	-
Latvia	-	-	-
Slovenia	-	-	-

Table 13. Inland waterways - total freight (million tonne-km)

Source: Eurostat, Statistical yearbook on candidate countries, 2003

³ Without Estonia

Table 14. Number of passenger cars (1000) and motorisation rate (passenger cars/1000 inhabitants)

	1997	2001	1997-2001	1997	2001	1997-2001
Latvia	432	586	+36 %	174	248	+42 %
Lithuania	882	1 134	+29 %	238	326	+37 %
Romania	2 606	3 226	+24 %	115	147	+28 %
Poland	8 533	10 503	+23 %	221	275	+24 %
Bulgaria	1 731	2 086	+21 %	207	263	+27 %
CEE10	22214	26131	+18 %	243	286	+18 %
Slovak Rep.	1 136	1 293	+14 %	211	240	+14 %
Slovenia	778	884	+14 %	392	444	+13 %
Hungary	2 297	2 483	+8 %	223	243	+9 %
Czech Rep.	3 392	3 530	+4 %	329	345	+5 %
Estonia	428	407	-5 %	304	298	-2 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003

Table 15. Air – total passenger transport (1000 passengers)

	1997	2001	1997-2001
Estonia (1)	274	584	+113,1 %
Poland	4192	6304	+50,4 %
Czech Republic	4679	6351	+35,7 %
Lithuania	482	651	+35,1 %
CEE10	68590	80259	+32,3 %
Romania	1924	2503	+30,1 %
Hungary	3619	4595	+27,0 %
Slovenia	728	906	+24,5 %
Latvia (1)	532	624	+17,3 %
Slovakia	181	196	+8,3 %
Bulgaria (1)	1209	861	-28,8 %

Source: Eurostat, Statistical yearbook on candidate countries, 2003 (1) Transit included

Table 16. ISPA projects committed between 1. 1. 2000 and 31. 12. 2002

	Share of sub-sectors, %			ISPA contribution in million EUR, indicative amounts				nts			
Country	Road	Rail	Combined (rail and road)	Air	Waterway	Road	Rail	Combined (rail and road)	Air	Water- way	Total
Estonia	83,8	2,5	13,7	0,0	0,0	46	1	8	0	0	55
Romania	63,7	36,1	0,0	0,0	0,2	410	232	0	0	2	644
Poland	51,0	49,0	0,0	0,0	0,0	572	551	0	0	0	1 123
Lithuania	50,9	49,1	0,0	0,0	0,0	73	70	0	0	0	142
Bulgaria	40,5	43,8	1,4	14,3	0,0	141	153	5	50	0	349
Czech Rep.	32,9	67,0	0,1	0,0	0,0	58	118	0	0	0	176
Latvia	31,0	69,0	0,0	0,0	0,0	51	113	0	0	0	164
Hungary	23,3	76,7	0,0	0,0	0,0	74	245	0	0	0	319
Slovakia	15,7	83,3	1,0	0,0	0,0	27	144	2	0	0	173
Slovenia	0,0	100,0	0,0	0,0	0,0	0	29	0	0	0	29
CEE10	45,7	52,2	0,5	1,6	0,0	1 452	1 656	14	50	2	3 174

Source: European Comission, Directorate-General Regional Policy, ISPA. Projects signed – per country 23/01/2003

Country	Road	Rail	Air	Waterway	Combined	Urban infra- structure	Urban trans- port
Hungary	25,2	38,4	13,2	0,0	0,0	16,6	6,6
Latvia	38,8	40,0	11,8	9,4	0,0	0,0	0,0
Slovakia	46,5	53,5	0,0	0,0	0,0	0,0	0,0
Czech Rep.	54,8	10,9	19,0	0,0	0,0	0,0	15,3
Bulgaria	57,2	29,6	0,0	3,4	9,9	0,0	0,0
CEE10	58,0	17,5	8,2	0,9	0,7	7,3	7,5
Romania	62,9	12,1	2,2	1,8	0,0	6,6	14,4
Poland	67,4	10,8	7,7	0,0	0,0	12,3	1,7
Lithuania	76,3	15,3	0,0	8,5	0,0	0,0	0,0
Estonia	100,0	0,0	0,0	0,0	0,0	0,0	0,0

Table 17. The share of transport sub-sectors in EIB investments between 1. 1. 1998 and 31. 12. 2003 (%)

Source:http://www.eib.org/projects/loans/regions/list.asp and own calculations

Table 18. Poland: General summary financial table for Cohesion Fund – transport 2004 – 2006, by support areas (current prices)

	Length (km)	Total eligible costs (million Euro)	% of total eligible cost
Motorway construction	182,0	1099,4	44,7%
Modernisation of railway lines	434,5	1053,4	42,9%
Expressway construction	30,0	210,6	8,6%
Reconstruction of national roads	95,0	1404,6	3,9%
Total		2458,1	100,0%

Source: Poland, Framework Reference document for Cohesion fund National Development Plan for 2004-2006, The Ministry of Economy, Labour and Social Policy.

Table 19. Czech Republic: Priority areas for Cohesion Fund between 2004 and 2006

	Estimated total costs (million EUR)	% of total costs
Railway rehabilitation	1253	44,4%
Waterway rehabilitation and development	990,7	35,1%
Motorway construction	317,2	11,2%
Air sector development	264	9,3%
Total	2824,5	100,0%

Source: http://www.mdcr.cz/

Table 20. Slovakia: Priority areas for Cohesion fund between 2004 and 2006

	Estimated total costs (million EUR)	% of total costs
Motorway construction	211,2	61,1%
Railway rehabilitation	134,3	38,9%
Total	345,5	100,0%

Source: Slovakia Cohesion fund Strategy for the 2004-2006, Transport infrastructure, Bratislava, December 2003

Table 21. Hungary: Priority projects to be supported by the Cohesion fund between 2004 and 2006 (Million EUR)

	Total costs (without VAT)		Resources from the Cohesion fund					Own resource
		2003	2004	2005	2006	total	% of support	2004 - 2006
Road projects (M0 motorway, different sections)	458	0,0	38,9	175,0	175,0	388,9	71	68,63
Railway projects	165	0,0	14,0	56,1	70,1	140,3	26	57,8
Air projects (development of radar system)	30,0	0,0	7,5	3,8	3,8	15,0	3	15,0
Total	653	0	60,4	234,9	248,9	544,2	100	141,43
			Projects in re	eserve				
	Total costs (without VAT)		Resources from the Cohesion fund				Own resource	
Road projects (motorway between Makó and Szeged)	330	0,0	93,5	93,5	93,5	280,5	67	49,5
Railway projects	485	0,0	45,3	45,3	45,3	136,0	33	24,0
Total	815	0,0	138,8	138,8	138,8	416,5	100	73,5

Source: Hungarian Transport Policy 2003-2015, 2003

Table 22. Estonia: Priority projects to be supported by the Cohesion fund between 2004 and 2006 (Million EUR)

	Million EUR	% of support
Waterway construction/rehabilitation	100,8	45,9
Road reconstruction and rehabilitation	91,1	41,5
Airport construction/rehabilitation	8,4	3,8
Railway construction/rehabilitation	2,7	1,2
Other	16,4	7,5
Total	219,4	100,0

Source: Republic of Estonia, Reference Framework for the Cohesion fund 2004-2006 Transport Sector Ministry of Economic Affaires and Communications, December 2003 47

Country	GDP (million Euro)	Total external costs (million EUR/year)	External costs compared to GDP (% of GDP)
Bulgaria	10018	1440	14,4%
Czech Republic	52040	6996	13,4%
Hungary	34159	4430	13,0%
Poland	97346	12609	13,0%
CEE7	245547	31709	12,9%
Romania	24394	3134	12,8%
Slovakia	13290	1697	12,8%
Slovenia	14300	1403	9,8%

Table 23. External costs compared to GDP in 1995 in some CEE countries

Source: External costs of transport in Central and Eastern Europe,

OECD and Austrian Ministry of Agriculture, Forestry, Environment and Water Management, 2003

Figure 12. Total external costs by country and transport mode in some CEE countries in 1995, million EUR/year



Source: External costs of transport in Central and Eastern Europe, OECD and Austrian Ministry of Agriculture, Forestry, Environment and Water Management, 2003

Table 24. Total external costs by country and transport mode in some CEE countries in 1995, million EUR/year

	Road passenger	Road freight	Aviation passenger	Aviation freight	Rail passenger	Rail freight	Water borne	Total
Slovenia	1088	260	4	1	16	35	0	1404
Bulgaria	856	421	12	2	63	84	2	1440
Slovakia	957	603	2	1	41	89	4	1697
Romania	1615	885	13	1	300	311	10	3135
Hungary	2598	1306	15	3	276	248	5	4451
Czech Rep.	4077	2277	21	2	216	399	4	6996
Poland	7320	4394	23	2	265	602	3	12609

Source: External costs of transport in Central and Eastern Europe,

OECD and Austrian Ministry of Agriculture, Forestry, Environment and Water Management, 2003

Annex 2

List of IFI transport projects in the CEE10

ISPA transport projects committed between 1. 1. 2000 and 31. 12. 2002

Country	Project description	Estimated amount of the grant (EUR million)	Year of signature
Bulgaria	Ljulin motorway (Sofia ring road to Daskalovo road junction)	111,338	2002
Bulgaria	Plovdiv-Svilengrad: rail electrification and upgrading	153	2001
Bulgaria	Technical assistance Danube bridge	4,998	2001
Bulgaria	Sofia airport: reconstruction, development and extension	50	2000
Bulgaria	Transit Roads Rehabilitation project III	30	2000
Czech Rep.	Zabreh na Morave-Krasikov: optimalisation of railway section	72,78	2002
Czech Rep.	Technical assistance in transport project management (rail and road)	0,2	2001
Czech Rep.	Road 1/48 Belotín By-pass	17,117	2001
Czech Rep.	Dobra-Tosanovice-Zukov R48 expressway: stage 1	19,798	2001
Czech Rep.	Ústí nad Orlicí - Ceská Trebová: Modernisation of the line section (rail)	14,3	2000
Czech Rep.	Modernisation of the line section Zabori-Prelouc (rail)	30,907	2000
Czech Rep.	Technical assistance for the project preparation in field of transport (road)	0,625	2000
Czech Rep.	Road I/48 Frýdek-Místek-Dobrá	20,392	2000
Estonia	Technical assistance for transport sector (rail and road)	7,5	2002
Estonia	Tallinn: technical assistance for mainland connections of Corridor I (road)	1,6	2002
Estonia	Kukruse-Johvi: reconstruction part of E20 Tallinn-Narva road	10,14	2002
Estonia	Technical assistance for reconstruction of Väo-Maardu of E20 (road)	0,375	2001
Estonia	Via Baltica Phase II: rehabilitation of Ikla-Tallinn-Narva Road	21,077	2001
Estonia	Technical assistance for the rail sector (design, tender documents)	1,35	2000
Estonia	Via Baltica: rehabilitation of Ikla-Tallinn-Narva road	12,721	2000
Hungary	Rehabilitation of Budapest-Lököshaza railway: stage 2:	53,708	2002
Hungary	Road rehabilitation programme for 11,5 tons bearing capacity: phase 2	54,138	2002
Hungary	Technical assistance 6 and 7 (rail)	1,485	2001
Hungary	Road rehabilitation programme for 11,5 tons bearing capacity: phase 1	20	2001
Hungary	Assistance in the tendering procedure for railway projects Pest	0,119	2000
Hungary	Rehabilitation of Szolnok-Lökösjaza railway line	0,15	2000
Hungary	Budapest-Szolnok-Romania: rail upgrading (stage 1: Vecsés-Szolnok)	63	2000
Hungary	Hegyeshalom-Györ-Budapest rail rehabilitation	42,994	2000
Hungary	Boba-Zalaegerszeg-Zalalövö rail upgrading	83,695	2000
Hungary	Technical assistance for road rehabilitation programme	0,15	2000
Latvia	Modernisation of hot-box detection system on the East-West rail	11,343	2002
Latvia	Construction of Saulkrasti bypass - Improvement of Via Baltica	30,789	2002
Latvia	Modernisation of signalling systems on East-West rail corridor	67,463	2001

Country	Project description	Estimated amount of the grant (EUR million)	Year of signature
Latvia	Technical assistance road transport	0,644	2001
Latvia	Via Baltica: improvements of part Riga-Adazi (km 0 to 6,3) (road)	10,65	2001
Latvia	Technical assistance in the rail sector: signalling and safety control	0,29	2000
Latvia	Replacements of track turnouts on the W-E railway corridor	26,43	2000
Latvia	Rezekne rail marshalling yard: rail upgrading	7,66	2000
Latvia	Via Baltica road: Gauja-Lilaste - km 13 to km 21,2	4,322	2000
Latvia	Access road to Riga airport (P133) and a related section	4,344	2000
Lithuania	Siauliai-Klaipeda: upgrading railway corridor IX	45,563	2002
Lithuania	Klaipeda northern access road	6,655	2002
Lithuania	Upgrading of IXB transport corridor in 2003-2004 (road)	14,916	2002
Lithuania	Technical assistance for railway project preparation	0,937	2001
Lithuania	Power supply sector 3 - Modernisation on Crete Corridor IXB (rail)	11,965	2001
Lithuania	Development of Corridor 1A (2001-2004) (road)	19,817	2001
Lithuania	Modernisation of telecommunications, signalling and power supply (rail)	11,412	2000
Lithuania	Upgrading of IXB Transport Corridor (Vilnius-Klaipeda) (road)	19,562	2000
Lithuania	Development of Via Baltica road in 2000-2006	11,579	2000
Poland	Siedlce-Terespol E20: modernisation of rail section (Phase 1)	138,955	2002
Poland	Technical assistance for modernisation of E75 railway line section	2,4	2002
Poland	Technical assistance (rail)	2,25	2002
Poland	Modernisation of E30 railway line section	62,588	2002
Poland	Technical assistance Krzyzowa-Zgorzelec A4 motorway	4,969	2002
Poland	Technical assistance for A2 motorway section Strykow-Konotopa	0,525	2002
Poland	Upgrading of National Road 50, section Grojec-Minsk Mazowiecki	55,808	2002
Poland	Technical assistance (rail)	5,96	2001
Poland	Wegliniec-Legnica Modernisation of E30 rail section	92,837	2001
Poland	Poznan modernisation rail node E20	50,58	2001
Poland	Improvement of railway infrastructure	83,25	2001
Poland	Bielsko-Biala-Cieszyn: construction of expressway	103,639	2001
Poland	Wroclaw-Krzyzowa Rehabilitation A4	189,525	2001
Poland	Technical assistance (rail)	0,705	2000
Poland	Minsk-Siedlce (E20): rail upgrading	93,447	2000
Poland	Rzepin-Kunowice (E20): rail upgrading	17,72	2000
Poland	Kleszczow-Sosnica A4: construction motorway section KA4E	84,211	2000
Poland	Sochaczew-Grojec: reinforcement of surface pavement (NR 717)	24,571	2000
Poland	Gdansk-Jazowa: Pavement strengthening on the Corridor 1	62,124	2000
Poland	Krakow-Tarnow: road rehabilitation on Corridor III	46,675	2000
Romania	Technical assistance for rehabilitation of the railway line HU border	0,6	2001
Romania	Technical Assistance preparation Drobeta-Lugoj project (road)	1,125	2001
Romania	Turnu Severin-Craiova: Rehabilitation road Craiova-Lugoj: phase 1	87,752	2001

Country	Project description	Estimated amount of the grant (EUR million)	Year of signature
Romania	Construction of motorway bypasses Corridor IV	67,891	2001
Romania	Lugoj-Drobeta Turnu Severin: Rehabilitation route - phase 2	138,012	2001
Romania	Bucharest-Fetesti: Rehabilitation and upgrading of four railway lines	231,729	2000
Romania	Bucharest-Giurgiu: Widening to four lanes of the National Road N°5	43,435	2000
Romania	Bucharest-Cernavoda - Rehabilitation and construction of sections 4 (road)	71,712	2000
Slovakia	Trnava-Piestany section: modernisation rail track Trnava-Nové	46,744	2002
Slovakia	TA for the preparation of transport projects (rail and road)	1,65	2002
Slovakia	Bratislava-Trnava: Modernisation of rail Senkvice-Cifer and stations	58,429	2001
Slovakia	Bratislava: motorway D61, section Vienna Road-Riverport Bridge	27,149	2001
Slovakia	Bratislava-Trnava:section Bratislava-Senkvice Modernisation of rail	38,588	2000
Slovenia	Upgrading Ljubljana-Zidani most-Maribor railway	10,063	2002
Slovenia	Divaca-Koper: Modernisation of signalling and safety devices (rail)	8,415	2001
Slovenia	Implementation of GSM-R and ERTLS/ETCS system on railway	0,975	2000
Slovenia	Renewal of cut Križni vrh with renewal of line section from km (rail)	9,375	2000
Total		3172,381	

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Transport projects financed by the EIB between 1. 1. 1998 and 31. 12. 2003

Country	Project name	Amount of loan (EUR million)	Year of signature	Description
Bulgaria	Transit roads IV - AFI	60	2003	Upgrading of main transit roads throughout the country
Bulgaria	Danube port of Lom	17	2002	Modernisation of infrastructure of Danube port of Lom (northern Bulgaria)
Bulgaria	TEN railway	70	2001	Upgrading of the Plovdiv-Dimitrovgrad-Svilengrad railway
Bulgaria	Road rehabilitation	30	2001	Rehabilitation of priority national roads
Bulgaria	Danube bridge	50	2000	Construction of combined (road and rail) bridge on Pan-European Corridor IV between Vidin (Bulgaria) and Calafat (Romania)
Bulgaria	Trakia motorway	100	2000	Construction of two motorway sections on Pan- European Corridor VII between Sofia and Black Sea
Bulgaria	TEN railway	80	1999	Upgrading of the Plovdiv-Dimitrovgrad-Svilengrad railway
Bulgaria	Transit roads III	60	1998	Upgrading of transit roads
Bulgaria	Cross-border/ TENS corridors road projects.	40	1998	Upgrading of main road links between Bulgaria and Greece
Czech Rep.	Prague Metro II - AFI	75	2003	Extension of line C of the Prague metro
Czech Rep.	Prague airport terminal - AFI	280	2003	Construction of airport passenger terminal (North II) and associated infrastructure
Czech Rep.	Plzen motorway by-pass	210	2002	Construction of a by-pass around Plzen, the missing link of the D5 motorway corridor between Prague and Nuremberg
Czech Rep.	Prague metro	75	2002	Extension of Prague metro network
Czech Rep.	Czech motorways	170	2001	Development of the motorway network

Country	Project name	Amount of loan (EUR million)	Year of signature	Description
Czech Rep.	Ceske drahy III	160	2000	Rehabilitation and modernisation of Ceská- Trebová-Prerov railway line, eastern Czech Republic
Czech Rep.	Prague metro	75	2000	Extension of Prague metro network
Czech Rep.	E roads II	100	1999	Construction of bypasses and improvements to European trunk road network
Czech Rep.	Priority roads and m-way rehabilitation	95	1999	Rehabilitation of priority sections of road and motorway network
Czech Rep.	Czech motorways	230	1998	Development of the motorway network
Estonia	Road project	15	1999	Rehabilitation and upgrading of sections of Via Baltica and Tallinn-Narva road
Hungary	Malev regional airline	100	2003	-
Hungary	Railways IV-AFI	170	2003	-
Hungary	Roads IV - AFI	190	2003	-
Hungary	Railways III (ISPA)	40	2002	-
Hungary	Roads III (ISPA)	75	2002	-
Hungary	Budapest infrastructure & services-AFI	125	2002	-
Hungary	Budapest: infrastructure & services-AFI	75	2002	-
Hungary	Railways II	90	2001	-
Hungary	Railways I	40	2001	-

Country	Project name	Amount of loan (EUR million)	Year of signature	Description
Hungary	Railways II	60	2001	-
Hungary	Budapest metro	50	1998	-
Hungary	Railways I	60	1998	-
Latvia	Latvian transport infrastructure	33	2002	Rehabilitation and upgrading of priority road sections forming part of the Via Baltica
Latvia	Riga international airport project	10	2000	Modernisation and enlargement of passenger terminal at Riga international airport
Latvia	Ventspils port - project II	8	1999	Upgrading of Ventspils port infrastructure
Latvia	Railways project	34	1998	Upgrading of main East-west railway line
Lithuania	Lithuanian highways project	50	2001	Construction and upgrading of several road sec- tions of the Pan-European Corridors (Via Baltica, Via Hanseatica and Vilnius-Klad'peda motorway)
Lithuania	Klaipeda port II	10	2000	Renovation and modernisation of port infrastructure at Klaipeda
Lithuania	Lithuania railways-project	18	1999	Upgrading of a railway line
Lithuania	Roads project	40	1998	Paving of 900 km of gravel roads
Poland	Multi-sector support facility	300	2003	Investment in transport, health and education infrastructure
Poland	Poland: A2 motorway extension	175	2003	Construction of motorway between Konin and Wiskitki (centre)
Poland	Warsaw airport II - AFI	200	2002	Construction of a second passenger terminal at Warsaw International Airport
Poland	Roads infrastructure - AFI	380	2002	Construction of 16 bypasses around towns and villages along priority roads of national and international importance

Country	Project name	Amount of loan (EUR million)	Year of signature	Description
Poland	DTS expressway project	80	2002	Construction of an urban expressway in the Katowice region (southern Poland)
Poland	Railways priority capacity improvements	80	2001	Rehabilitation and modernisation of sections of the rail network
Poland	Transit roads	140	2001	Improvement of cross-border road connections between Poland and the Czech and Slovak Republics
Poland	Highways IV (A4 3rd extension)	80	2001	Reconstruction of road infrastructure between Krzywa and Bielany (near Wroclaw) on Pan- European Corridor III (A4 motorway)
Poland	Priority roads rehabilitation	150	2001	Rehabilitation of trunk roads network
Poland	Szczecin municipal and environmental infrastructure	2	2001	Improvements to water distribution and sewerage networks and other municipal infrastructure in the city of Szczecin (northern Poland)
Poland	Bielsko Biala municipal project	10	2000	Upgrading of Bielsko-Biala urban infrastructure, southern Poland
Poland	A2 motorway II: Berlin - Warsaw (PPP)	275	2000	Construction of motorway section south of Poznan on Priority Corridor II (Berlin-Warsaw link)
Poland	Torun municipal and environmental infrastructure	5	2000	Upgrading of sewerage networks and road infrastructure in Torun, north-west of Warsaw
Poland	Highways III (A4 extension II) project	46	2000	Construction of motorway section south-west of Gliwice in Upper Silesia
Poland	Tri-city by-pass	33	2000	Modernisation of road section bypassing Gdynia, Sopot and Gdansk conurbations
Poland	Polish railways IV	200	1999	Upgrading of various sections at the E-20 railway line Berlin-Warsaw-Minsk-Moskow
Poland	DTS expressway project	100	1998	Construction of an urban expressway in the Katowice region (southern Poland)
Poland	Krakow urban transport project	45	1998	New fast tram line in Krakow
Poland	A4 - extension	150	1998	Rehabilitation at various sections at the A4 Motorway

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Country	Project name	Amount of loan (EUR million)	Year of signature	Description
Poland	A2 motorway Berlin-Warsaw- Poznan bypass	130	1998	A2 motorway bypass around Poznan
Romania	Arad-Timisoara- Lugoj motorway AFI	200	2003	Construction of section of new motorway in western Romania, linking towns of Arad and Timisoara, on Pan-European Corridor IV
Romania	Sulina canal bank protection	30	2002	Improvement of navigating conditions on the Sulina Canal (Danube delta)
Romania	Roads rehabilitation V	240	2002	Strengthening and upgrading of 745 km of National Roads in Romania
Romania	Bucharest urban infrastructure	110	2000	Rehabilitation and modernisation of urban infrastructure in Bucharest
Romania	Railways modernisation II	15	2000	Modernisation of ticketing and seat-reservation system and of railway maintenance equipment
Romania	Roads rehabilitation IV	245	2000	Rehabilitation and upgrading of around 650 km of roads
Romania	Bucharest urban transport rehabilitation	7	2000	Modernisation of tram network in Bucharest
Romania	Bucharest metro modernisation II	115	2000	Modernisation of 60 trains within Bucharest's metro system, and safety improvements to partially constructed tunnel
Romania	Constanta port environment and infrastructure	2	2000	Upgrading of waste collection, processing and disposal facilities and of electricity supply equipment at Port of Constanta
Romania	Tarom fleet renewal	40	1999	Acquisition of five ATR-42 aircraft by flagship carrier TAROM and rehabilitation of airline's maintenance hangar at Bucharest Otopeni Airport
Romania	Romanian motorways	210	1999	Rehabilitation and completion of construction of motorways on Pan-European Transport Corridor IV
Romania	Bucharest urban transport rehabilitation.	63	1999	Modernisation of tram network in Bucharest
Romania	Timisoara urban transport rehabilitation	19	1999	Modernisation of tram network in Timisoara
Romania	Bucharest metro modernisation	60	1999	-

Country	Project name	Amount of loan (EUR million)	Year of signature	Description
Romania	Railways modernisation	200	1998	-
Romania	Roads rehabilitation III	225	1998	-
Slovakia	Motorway and expressway programme	68	2003	Nationwide improvements to road infrastructure
Slovakia	European Roads V	27	2003	Construction of a motorway section (D61) in south Bratislava
Slovakia	Kosicka bridge Bratislava	45	2001	Construction of a road bridge over the Danube and several sections of urban access roads in Bratislava
Slovakia	European roads IV	34	2001	Realignment and upgrading of two sections of the I/65 road, between Hronsku Benadik and Nova Bana and between Nova Bana and Rudno nad Hronom (central eastern Slovakia)
Slovakia	Slovakian railways modernisation	200	1999	Modernisation of railway network and purchase of rolling stock
Total		8006		

Country	Project name	Amount of loan (EUR million)	Year of signature
Bulgaria	Sofia Public Transport Project	20,0	2002
Czech Republic	Siemens – SKV Upgrade of a rail car and train manufacturing plant.	10,0	2003
Estonia	Tallinn Airport Loan	7,5	2002
Estonia	Tallinn Airport Passenger Terminal Reconstruction	7,6	1999
Hungary	M5 refinancing	51,3	2003
Hungary	Budapest Intermodal Logistics Centre - Basic Infrastructure	10,0	1999
Hungary	M1-M15 Motorway Restructured Project	67,5	1999
Hungary	MAV - Railcar Modernisation and Marketing Project	40,0	1998
Latvia	DIF - RAF Avia	0,7	2001
Latvia	Ventspils Port Multi-Purpose/Intermodal Terminal	3,6	1999
Latvia	Ventspils Port Rail Terminal Project	19,6	1998
Lithuania	Lithuania Railways (LG) Corridor IX Project	51,5	2001
Poland	City of Lodz Road Improvement Project	6,7	2002
Poland	PKP Second Railway Restructuring & Privatisation Project	130,0	2002
Poland	Gdansk Urban Transport Project	12,0	2001
Poland	Sopot Urban Transport	5,0	2001
Poland	PKP Restructuring & Privatisation Project	100,0	2000
Poland	Krakow Urban Transport Project	35,0	1998
Romania	Refurbishment of five city railway stations, improving passenger amenities.	24,0	2003
Ukraine	Ukrrichflot III Acquisition of four dry cargo building vessels.	17,1	2003
Ukraine	Rehabilitation of M06 Highway & Road Sector Financing Reform	75,0	2000
Ukraine	Ukraine International Airlines	5,9	2000
Ukraine	Railway Development Project	49,5	1999
Ukraine	Air Navigation System Upgrading	24,2	1998
Total		773,7	

Transport projects financed by the EBRD between 1. 1.1998 and 31. 12. 2003 in the CEE10

Country	Project name	Amount of Ioan (in USD million)	Year of signature
Bulgaria	Trade & Transport Facilitation in Southeast Europe	7,4	2000
Estonia	Tallinn-Tartu-Luhamaa road maintenance	25	2000
Lithuania	Klaipeda Port Project	35,4	2000
Poland	Railway Restructuring Project	101	2001
Poland	Szczecin-Swinoujscie Seaway and Port Modernization Project	38,5	2001
Poland	Roads Project (02)	300	1998
Romania	Trade & Transport Facilitation in Southeast Europe	17,1	2000
Total		524,4	

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