ACTUAL PROBLEMS OF FORMATION AND FUNDING OF THE STATE ROAD FUNDS

Urgency of the research. In the field of road infrastructure, proper financing contributes to the improvement of transport infrastructure, cost reduction and decrease in expenses for goods and services as well as leading to greater profit for the enterprise and the economy in general.

Target setting. The global practice in financing road infrastructure demonstrates the effectiveness of creating separate funding sources based on earmarked fiscal payments, which can be directed into the federal road fund.

Actual scientific researches and issues analysis. The theoretical and methodical basis for the formation and use of financial resources by road enterprises are addressed in the works of A. V. Bazyliuk, O. V. Zhulyn, I. P. Sadilovskiy, V. P. Ilchuk, A. M. Novikova, E. D. Prusenko, V. F. Skorchenko and others.

Uninvestigated parts of general matters defining. As of the beginning of 2015, all direct revenues for roadwork were repealed. Previous revenues from the fuel excise tax was directed solely into roadwork, as of now it initially goes to the budget and only ends up sponsoring roadwork and road maintenance if there’s a financial possibility left. This leaves the problem of insufficient road funds unresolved.

The research objective. A federal road fund must guarantee stable financing for road infrastructure, as it can significantly increase the quality of transportation.

The statement of basic materials. Road sector is financed from the state budget of the country. Each year the volumes of road works reduced. Creating a Road fund lay the source of funding the transport infrastructure.

Conclusions. The budget program is important for financial security roads. With the diversification of funding sources involved resources of the State Road Fund, special attention should be paid to the interests of private investors.

Keywords: method of financing roads; the cost of road maintenance; small repairs and maintenance of roads; road fund.

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**The research objective.** A federal road fund must guarantee stable financing for road infrastructure, as it can significantly increase the quality of transportation.

**The statement of basic materials.** Our road infrastructure is already financed by the country’s governmental budget. More than 40 thousand km Ukrainian roads (Fig. 1) are in need of repairment, 5 thousand kms of roads of federal significance and around 36 thousand kms of roads of local significance. 60 billion hrns is roughly enough to cover the cost of such work every year.

![Fig. 1. Characteristics of the road network](image)

As of today almost 97% of the road line is in need of full replacement or major repairs. For the past 10-15 years there has been a drastic shortage of financing. It is the main reason behind the poor state of our road infrastructure. Neither the type of coating nor the bandwidth is kept in accordance with the contemporary standards.

Only 2% of the roads are of high bandwidth – these are the roads with four lanes and over 15 meters wide. Almost 90% have low bandwidth – the roads with 2 lanes and less than 10 meters wide. The majority of the roads (almost 70%) are built according to the previous century standards. The rest roughly follows the foreign standards, being built of high quality asphalt or concrete. Each year the volume of finished work decreases (Fig. 2). Apart from building, there is also a need of maintaining and reconstructing the roads (Fig. 3).

Roadwork is divided into maintenance and repairs or reconstructions (building).

Maintaining here implies performing small repairs as well as proper repairs. It mainly includes cleaning, getting rid of snow and sprouts etc.; as well as fixing various defects, such as holes and cavities to guarantee safe driving. Road repairment – the replication of main operational functionalities (flatness, carrying capacity, surface clutch with the vehicle propelling body).
New building and reconstructions will have the capacity to increase the length of the road network, improve the quality and the safety of the roads. The road fund is necessary for accumulating all financial resources collected from exploiting the transport infrastructure. According to the recent plans, 60% of the resources will go into the roads of federal significance and 40% - into the roads of local significance [7].

As of now, the infrastructure is only financed by 20%, although the need of financing is continually growing (Fig. 4). Following the creation of the Ukravtodor fund, that is responsible for building and repairing the roads, there shouldn’t be any more issues with financial shortfalls, as Ukravtodor doesn’t fully depend on the general governmental budget.

According to plan, 3.5 billion hrns will go from the governmental budget into operational road maintenance. 2 billion of which will be directed into eliminating potholes. Taking into consideration limited financing, the initial attention will be given to international, national and regional roads. Ukravtodor is planning to finish potholes elimination on them before June 1. Daily work will consist of over 600 working crews, starting once the weather condition becomes apt.
As of today, Ukravtodor has credit surplus from the funds invested by the government under guarantees from 2012 and 2013. Ukravtodor is planning to expend the surplus (almost 5.6 billion hrns) during the current year. It will be enough to pay the arrears of 1.4 billion hrns. to the contracted companies. Whatever remains will be directed into reconstructing old roads and building new ones. The compensation payment peak occurred in 2015 (fig. 5). Referrals 2 bln. hrns. at eliminating pits will renovate 5.6 million. m² coverage or only 45% of the current date. To continue work on other roads Ukravtodor need at least 1.5 blns hrns [7].

![Fig. 5. The schedule of payments on debt [7]](image)

**Conclusions.** The budget program is highly important for funding road infrastructure. Although the flow of financial resources is managed ineffectively, with 78% directed into settling obligations. During the diversification of financing sources, provided by Federal road fund, special attention should be given to the interests of private investors. As of today, public-private partnership is a necessary condition for creating a high

![Diagram](image)

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