
European Financial Aid Use for Environmental Protection in Romania

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The paper deals with the basic theoretical aspects and the policy of the European Union, which is financed by a number of budgetary instruments. Under this policy, Romania is qualified for financial aid to support economic and social development of the country. This aid is considerably higher than that the aid received by the pre-accession PHARE, ISPA and SAPARD programs. The EU serves for the financing of policies, the largest amounts being allocated to the common agricultural policy. The paper bring in details on several aspects such as: what are the structural funds, which are institutions that manage them, and the ways of accessing these funds.

Keywords: *structural funds, cohesion funds, European financial support, access and implementation, POS = Sectorial Operational Program*

Introduction

EU structural funds are managed by the European Commission and they are financing structural aid measures in place, in order to promote the regions

with delays in development, the conversion of areas affected by industrial decline, mitigating long-term unemployment, improving employment opportunities for young people or promoting rural development. Criteria for funds allocation across regions which operate for the Structural Funds are based on the economic development of the area. Thus, more developed a region is, less amount of money is allocated to support it. By accessing funds and implementing projects, a community will enable an equitable development in all regions by modernizing the infrastructure in various fields (transportation, environment etc.), ensuring sustainable rural development, creating new opportunities for employment, especially in rural areas, promoting social policies which result in higher standards of living. This challenge has been accepted by agreeing on the National Development Program for 2007 – 2013 that summarized the strategic planning and financial perspectives.

The National Development plan 2007-2013 (NDP 2007-2013)

The National Development Plan (NDP) is a specific concept of the European Economic and Social Cohesion policy, designed to provide a coherent conception and stable development of Member States of the European Union, in priority development programs, projects, in accordance with the programming of Structural Funds. The NDP 2007 - 2013 document represents the strategic planning and programming framework, approved by the Government and developed into a broader partnership, which will guide socio-economic development of Romania in accordance with the policy of the European Union [1].

Development Strategy 2007-2013

The strategy on which the NDP 2007-2013 is based is a reflection of Romania's development needs in order to reduce more rapidly the gaps existing among EU Member States. The strategy of NDP 2007-2013 focuses on both strategic guidelines on cohesion and the Lisbon Agenda priorities and objectives, the Goteborg Strategy, and pursues to increase competitiveness, improve employment and secure sustainable environmental protection. The goal is to support three specific objectives [2]:

- Increase long-term competitiveness of the Romanian economy;

- Development of basic infrastructure to reach European standards;
- Improve efficiency and greater use of local human capital.

The National Reform Program (NRP) has a monitoring system that started to provide information since September 2007.

Development priorities

The NDP 2007-2013 is organized in priorities and sub-priorities, and is based on principles such as efficiency, financial transparency and fairness, wide access of public authorities and other types of beneficiaries. These milestones are presented in table 1.

Table 1: NDP 2007-2013 priorities

| Priorities | Sub-priorities |
|--|--|
| Increased competitiveness and economic development of the knowledge-based economy | <ul style="list-style-type: none"> • Increased competitiveness by improving market access of enterprises, especially SMEs • Develop the knowledge-based economy by promoting research and innovation and accelerate the development of information society • Improving energy efficiency and exploit renewable energy resources |
| Development and modernization of transport infrastructure | <ul style="list-style-type: none"> • Modernization and development of the trans-European transport networks and connecting • Modernization and development of transport infrastructure of national interest and improve services • Sustainable development of transport sector |
| Protection and enhancement of environmental quality | <ul style="list-style-type: none"> • Improving standards of living by providing services to public utilities standards of quality and quantity required in the sectors of water and waste • Improving the systems sector environmental management |
| Human resources development, promoting employment and social inclusion and strengthening the capacity administrative | <ul style="list-style-type: none"> • Development of human capital • Promoting full employment • Promoting social inclusion • Administrative capacity development and good governance |
| The development of rural economy and increase | <ul style="list-style-type: none"> • Increased competitiveness economy agro-forestry and food supply by adapting to |

| Priorities | Sub-priorities |
|---|---|
| productivity in the agricultural sector | market requirements <ul style="list-style-type: none"> • Increased standards of living in rural areas through diversification of activities • Sustainable economic development of farming and forestry holdings • Promote "LEADER" initiatives • Ensuring sustainable fisheries and aquaculture development |
| Minimize development disparities between regions of the country's public infrastructure | <ul style="list-style-type: none"> • Improving and strengthening regional and local the business environment • Develop sustainable urban and rural tourism urban • European territorial cooperation |

Structural funds

In the terminology specify the period 2007 -2013, structural tools include:

- the European Regional Development Fund (ERDF)
- European Social Fund (ESF) also known as the Structural Funds and Cohesion Fund (FC), each covering an area subject well specified:
 - The European Regional Development Fund (ERDF) supports the creation of infrastructure investment for employment, development projects and assistance to local small enterprises.
 - European Social Fund (ESF) is designed to promote the reintegration of the labour market of the unemployed and disadvantaged groups, in particular through the systems and training systems to support employment.
 - Cohesion Fund (FC) contributes to the realization of large infrastructure projects and major investments in environmental infrastructure (water, sewerage, waste).

In Romania, investments from Structural Funds will be supplemented by funds Common Agricultural Policy of the European Union and the Common Fisheries Policy. During 2007-2013, Romania benefit from structural funds of about 28-30 billion euros from the EU. These funds must be managed effectively and need to get where it's needed for development, so there is danger of losing them. The 14 areas that can attract EU funding are: research and technological development; improving ITS application in society; transport; energy; environmental protection and risk prevention;

tourism; culture; urban and rural regeneration; support for companies and entrepreneurs; access to jobs stable; social inclusion for disadvantaged people; development of human capital; investment in social infrastructure, including health and education; promoting the development partnership [3].

Sectorial Operational Programs (POS)

Romania is a good European policy, with wider competent, but also a component oriented competitiveness, without losing sight of the purpose of our country is to support the need to strengthen the objective of "convergence". In Romania there are implemented the following POS: POS Competitiveness; POS transport infrastructure; POS Environment; POS Human Resource Development; Regional Operational Program; PO for the development of administrative capacity; PO Technical Assistance. Further we will present in more detail the Environment POS (EPOS).

The overall objective of the EPOS aims to improve the living standards of the population and the environmental standards and at the same time contributes substantially to the achievement of accession commitments and to respect environmental legislation. To achieve this goal, EPOS funded investments pursue six priorities:

- the water / sewage sector - benefit from a total of 3.27 billion euros, of which EU grants 2.78 billion euro;
- the waste management and historical pollution elimination benefit a total of 1.17 billion euro, of which the EU grants 0.93 billion euro;
- the heating sector will receive a total of 458 million euro, out of which the EU grants 229 million euro;
- the nature conservation will receive in total 215 million euro, out of which the EU grants 17milioane euro;
- flood protection and reduction of coastal erosion, benefit a total of 329 million euro, out of which the EU grants 270 million euro;
- technical assistance, with a total of 174 million euros, out of which the EU grants 130 million euro.

EPOS is the programming document of the Structural and Cohesion Funds which set out the strategy for the allocation of these European funds, the development of environmental industry in Romania, during 2007-2013.

EPOS was developed by the Ministry of Environment and Sustainable Development (currently Environment and Forests), as the Management Authority for this program. It is also coordinated by the Ministry of Economy and Finance, in his capacity as coordinator of Romania's preparation for accessing the Structural and Cohesion Funds for the period 2007-2013 [4].

EPOS is one of the most important operational programs in terms of financial allocation and is the most important source of funding for the environment. The program is funded from two funds: the European Regional Development Fund (ERDF) and Cohesion Fund (FC), with a value of approximately 4.5 billion euro, plus national source of approximately 1 billion euro.

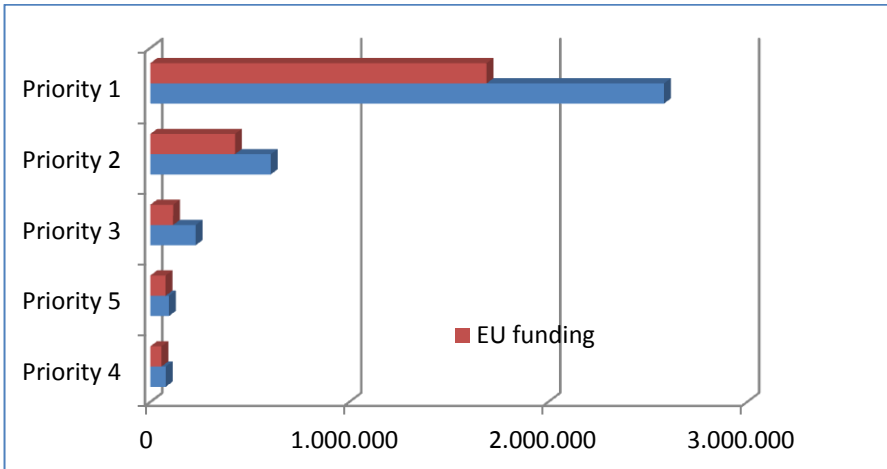


Figure 1: Total value of and EU contribution for EPOS projects by priority area (thousands euro)

Potential applicants of environment projects are central and local authorities, regional water operators and administrations, management structures of protected natural areas, the National Administration "Romanian Waters" and environmental non-governmental organizations, and universities. To ensure an efficient and rapid absorption of funds allocated through EPOS, the preparation of projects portfolio started in

2004 with PHARE and ISPA support programs for pre-accession and financed foreign loans. For projects in related sectors of EPOS, starting with August 2007, were released requests for proposals, after the selection criteria by the Monitoring Committee of EPOS, according to Community regulations.

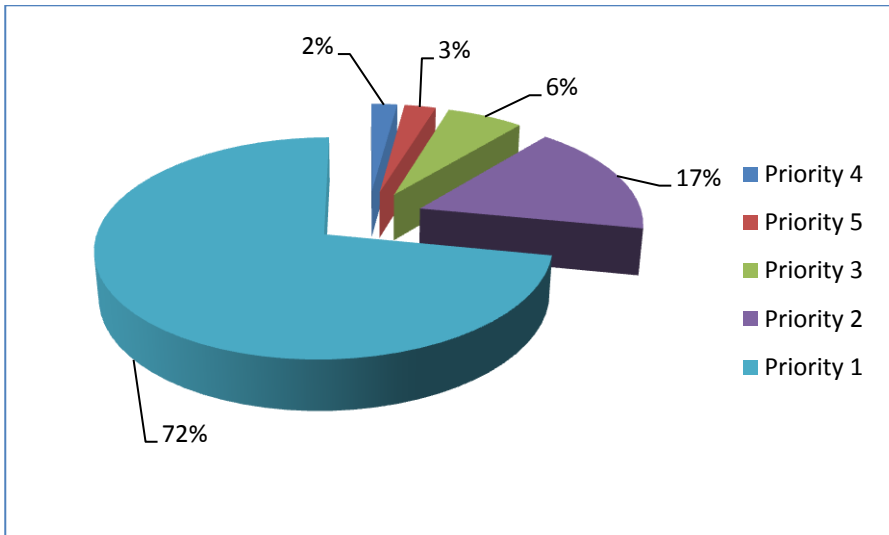


Fig.2 The structure of EPOS projects value by priority areas

By priority areas, the water/sewage sector was the most advanced and the size of financial support is much higher than in any other environmental priority area (fig. 1). Thus, in this sector the total value of projects reach to almost 2.6 billion euro, out of which almost 1.7 billion euro is EU contribution. This represents almost three quarter of the total value of EPOS projects (fig.2). The main shortcoming of European financial aid in Romania, the low level of absorption is true for EPOS too, especially if the close end of the current financial period is taken in account.

Conclusions

Accessing and implementation of community structural funds will enable a balanced development in all regions and the modernization of transport

infrastructure and environment, ensure a sustainable rural development, will create new opportunities for employment, especially in rural areas, promoting social policies which will lead to standards of life quality. EPOS aims to improve standards of living and quality of the environment by: ensuring access to basic public utilities and improvement of environmental quality. Romania and Romanians intend to fully exploit the opportunities offered by accessing these funds. This leads to improvement in quality of life, promote research, technology development and innovation, and encouraging the use of large-scale business means of communication and information technology.

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