ROMANIA'S ENVIRONMENTAL POLICIES AND FINANCIAL INSTRUMENTS USED TO ACHIEVE THEM

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Abstract: In Romania, environmental protection appeared in 1990 as a self-contained area of the national policy, when the Ministry of Environment was first established. Development strategies of the national environmental policy in the pre-accession and post-accession period were shaped by the priorities of Romania's accession to the European Union and national needs, in conjunction with national priorities. The article states the principles and objectives of environmental policies in Romania as well as financial instruments and institutions involved in pursuing those policies. In Romania, the issues of environmental protection are imperative, particularly as a result of local pollution, produced mainly in the oil exploitation and mining industries, processing ores and oil, thermal power, chemical, woodworking and pulp, metallurgy, electrical industry and machine building industry, cement industry, transport, communal services and agriculture.

Key words: policies, environment, financial instruments, programmes, institutional stakeholders.

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Introduction

Worldwide industrialization and technological development increased international interdependence through economic integration, transnational communication and, not least, its impact on the natural environment of the world. Interest on the environment intensified considerably after environmentalists celebrated for the first time in 1970, the Earth Day. The energy crisis of the 70s managed to highlight this aspect in industrialized regions, and the outpouring of oil, urban air pollution as well as pesticide residues and difficulties in nuclear power plants have marked the environmental issue on the international agenda¹.

The three International Conferences² on Environmental Protection (1972, 1992, 2002) have established the main political tasks of environmental protection for the participating states. Thus, a short while after the first Conference of the United Nations was attended by 113 nations which have expressed their concern about how human activity affects the environment, the European Commission has proposed a programme of action in this area, recognizing the need and legitimacy of a common policy on the environment. With time, a Community environmental law was progressively developed, which currently includes over 200 directives and regulations on environmental protection.

The Single European Act adopted in 1986³ is the document by which the environmental protection receives a legal basis under the EC Treaty, explicitly giving the European community competence in the environmental protection field and, by the Treaty of Amsterdam in 1997, the environmental policy becomes a horizontal policy of the European Union, which means that environmental issues will necessarily be taken into account in sectoral policies.

Both at national and international level the environmental policy is a special policy which assesses the real environmental situations, finds the

¹ **Joshua**, S., Goldstein, Jon, C. Pevenhause, Relații internaționale, Polirom Publishing House, Bucharest, 2008, pp. 543.

² The first UN Conference in Stockholm in 1972; The conference in Rio de Janeiro in 1992 and The Environmental Conference in Johannesburg in 2002

³ Ratified in 1987

negative environmental influences, determined by the related institutions, the necessary steps to protect and preserve the environment and establishes the systems of penalties in case of pollution. The environmental policy is closely related and conditioned by the economic, administrative, financial and legislative policy, and this correlation is based on national and international joint interests, this aspect being due to the fact that it represents both theoretical and practical concrete relationships.

Environmental policy tasks are various and complex, the primary responsibility of the environmental policy being hold by the government of each country as well as by the national and local specialized authorities.

Principles, Strategies

In Romania, the environment has emerged as an independent field of the national policies in 1990, when a Ministry of Environment was first established and the environment policy has evolved from the adoption of minimal measures of environmental protection, which would consider limiting pollution, to shaping their causes and to establish the duties and responsibilities for damages caused to the environment.

The first official document that sets national targets for the protection and sustainable conservation of the environment, was the *National Strategy for Environmental Protection*, drafted in 1992, updated in 1996 and 2002 in accordance with the relevant Community provisions.

Structured in two parts, the National Strategy for Environment includes a presentation of the main natural resources and elements regarding the economic and environmental factors as well as an overview of the main resources for environmental protection, priorities and objectives on short, medium and long term.

The principles⁴ underlying the environmental policy that have been implemented in the environmental policy in Romania, due to the correlation

⁴ These principles have been implemented in the environmental policy in Romania, due to the correlation of the legislation to the acquis communautaire, as stipulated in article 174 of the European Community Treaty on environmental policy; to

of the legislation to the acquis communautaire, as stipulated in article 174 of the European Community Treaty on environmental policy are the following:

- the precautionary principle on activities with impact on the environment:
 - the principle of preventing pollution and environmental risks;
- the principle of conservation of the biodiversity, the cultural and historical heritage;
- the principle according to which the polluter and the user 'pays', in the sense that they are required to direct payments both those who pollute the environment and the ones who use the natural resources of the environment;
- the principle of stimulating activities which contribute to the recovery of the environment (through grants, loans, etc.).

Regarding the identified priorities, these reflect both the national needs and trends and initiatives at global level, namely: maintaining and improving the quality of life and the existing potential of nature; maximum cost-benefit ratio; compliance with international conventions on the environmental protection.

By adopting the Environmental Protection Law no. 137 of 12/29/1995. Article 3, were established the basic principles of sustainable development:

- the precautionary principle in decision making;
- the principle of preventing environmental risks and damage occurrence:
- creating a framework for the participation of non-governmental organizations and the public in devising and implementing decisions or issues to develop international collaboration in order to ensure the environmental quality.

In the period 1992 – 1996, national environmental strategies have resulted in a series of documents on which the environmental policy of Romania was structured until 1999, when it was adopted the National

this respect, see **Prisecaru**, P. *Politici comune ale Uniunii Europene*. Economic Publishing House, Bucharest, 2004, pag. 226.

Programme for EU Accession. In the immediate future, the Report on the state of the environment and the Plan for managing waste and hazardous substances were added. Along with the start of Romania accession negotiations to the EU in 2000, the entire political environment in our country has developed in line with the strategy of the Agenda 2000, prepared by the European Commission for the candidate countries

Thus, in the position of the candidate, Romania had to align its national environmental policies to the aims and standards of the community policy, to identify priority areas of action, targets and deadlines for the adoption of the environmental acquis⁵.

Financial Instruments

From 2002 onwards, by the start of accession negotiations on Chapter 22 – Environmental protection, was drafted the `Roadmap` document in which are stated the environmental issues related to the development capacities for the implementation of the adopted environmental legislation in order to promote sustainable development and turn the environmental policy into transverse policy.

Development strategies of the national environmental policy both in the pre-accession period and after this, were outlined according to the priorities of Romania's accession to the European Union and its national necessities in conjunction with its national priorities. Thus, one may question the tools that were the basis of fulfilling these strategies, tools materialized in community support programmes (*PHARE, ISPA, Agenda 21, the Framework Programme for Competitiveness and Innovation*) and in national programmes (*Clean Romania, Global Facility for the Environment, Sectoral Operational Programme for the Environment, the Programme on Promoting Green Procurement, the Green House Programme, the Scrappage programme*).

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⁵ See **Anghel**, P. *Institutii europene şi tehnici de negociere în procesul integrării*. Humanitas Publishing House, 2004, pag.130 si urm.

The PHARE programme, the primary instrument for pre-accession established in 1989 with a non-reimbursable financing, having as main role to support countries in Central and Eastern Europe which candidate in the European integration process, the main instrument of financial and technical assistance, has the role of implementing the EU environmental acquis and to mobilize environmental investments. The PHARE has three components:

- a) National PHARE which finances projects for technical assistance, investments and twinning;
- b) PHARE CBC (Cross Boarder Cooperation), supports the bilateral border cooperation between border areas;
- c) PHARE CES (Economic and Social Cohesion)⁶, aims at grant schemes and projects for technical assistance in the field of the environmental protection.

The ISPA programme, the second pre-accession financial instrument with a non-reimbursable funding, whose financing resources have been estimated at around 270 million euros per year. This programme focuses on the implementation of environmental directives on the protection of water quality, waste management, air quality protection, environmental infrastructure and transport. 8

After the accession, ISPA was replaced by the Cohesion Fund.

The LIFE programme⁹ has been designed before the Cohesion Fund and funded projects focused on the protection and preservation of the environment and biodiversity.

'Agenda 21' is a comprehensive strategy of action of the UN, which focuses on community participation in the implementation of

⁸ **Răzvan**, C., Cristian, T. Politica de Mediu. Tritonic Publishing House, Bucharest, 2007, pp 78.

⁶ This program appeared before the Cohesion Fund; see, **Cairns**, W. Introducere in legislaţia Uniunii Europene, Universal Dalsi Publishing House, 2001, pag. 41

⁷ ISPA Program, European Commission – official web site:http://ec.europa.eu/regional_policy/funds/ispa/ispa_en.htm.

⁹ **Cairns**, W. Introducere in legislaţia Uniunii Europene,Universal Dalsi Publishing House, 2001, pag.41.

environmental policies on increasing the role of education in developing an awareness of the environment and responsible use of natural resources and was implemented also in 2000 in many local communities¹⁰. This is an action programme for the 21st century, oriented towards sustainable development, it was adopted by the signatory states of the Rio Declaration and its main lines of action are combating poverty and social exclusion, the production of sustainable goods and services and the protection of the environment. In Romania, Agenda 21 was implemented until 2003 in nine pilot cities (Ploiesti, Galati, Targu Mures, Baia Mare, Iasi, Râmnicu Vâlcea, Giurgiu, Oradea and Miercurea Ciuc), at their level being set up permanent secretariats in the town halls as well as working groups on the economic, social and environmental fields. The strategy was extended to over 40 cities by 2007.¹¹

The Framework Programme for Competitiveness and Innovation which aims to identify the best examples of projects in areas such as recycling, green procurement.

For the 2007 – 2013 period, the funds allocated to the environment sector in Romania by the European Commission amounts to 5.6 billion euros, this financing coming from two European Union funds: the European Regional Development Fund (ERDF) and the Cohesion Fund (CF). The strategy and distribution of these funds is carried out under the *Environment Sectoral Operational Programme* (SOP Environment) developed in close correlation with the national strategic objectives set out in the National Development Plan 2007 to 2013 SOP and took as its starting point the priorities and objectives of the European Union environmental policy. This programme is outlined so as to contribute to fulfilling the commitments under the Accession Treaty of Romania and its specific objectives ¹²:

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¹⁰ The Ministry of Environment and Forests in Romania, official web site: www.mmediu.ro

¹¹ The National Center for Sustainable Development, official web site: www.ncsd.ro

Romanian Government, Ministry of Environment and Sustainable Development, SOP ENV 2007-2013.

- improving the quality and access to the water and wastewater infrastructure;
 - development of sustainable waste management systems;
 - rehabilitation of polluted sites;
 - reducing pollution by modernizing heating systems;
 - protection and improvement of biodiversity and natural heritage.

The `Clean Romania` programme, ¹³ is another important national programme for environmental policy and was launched in 2002 to achieve a coordination initiative, acceleration and assessment of Romania adjustment to European norms. It has as main objectives:

- educating the population in order to reduce the effects of pollution;
 - ensuring an integrated waste management;
- ensuring the protection and conservation of the natural environment and the built environment in accordance with sustainable development requirements.

Promoting green public procurement was a project carried out between April 2009 and September 2010 by The Ministry of Environment and Forests, together with the National Agency of Civil Servants, having as main purpose raising awareness of the positive environmental impact of green public procurement.

The Green House Programme in Romania is used for the installation of heating systems using renewable energy, it is managed by the Environment Fund Administration (AFM) and is aimed at improving air, water and soil quality by reducing pollution caused by burning wood and fuels used to produce heat and domestic hot water. It targets the installation of heating systems using renewable energy.

In the following one will detail the **Scrappage Programme** which began in 2005, to see how reputable and effective it was. With a modest budget (the lowest in the history of the Scrappage programme), that is only

¹³ `Clean. Romania` – Concrete program for environmental health, April 2002, Bucharest.

45 million lei and aimed at scrapping old cars and providing financial compensations for purchasing a new car. In the next three years, people who would usually take their old Dacia to scrap centres could buy a new car with **3 000 lei discount**, this money being paid by the state. This year were sold 97% of the total of 15 000 cars which were registered in the programme. In 2006 the total number of cars allocated increased by 10% but were sold just over 15 000 units, and, as in 2007 the demand for the Scrappage programme was close to 100%, a record on the automobile market was registered. This record has its explanation in the fact that Romania joined the EU and gave up excise and introduced the first registration tax. In 2008 the total was increased to 40 000 cars, but the car market fell by making the request to be of only 76%. Analysing the period 2005 – 2008 we find that during this time were withdrawn from circulation about 77 000 old cars. Analysing even further, 2009 was marked by a lower demand, i.e. 57% of the 20 000 cars.

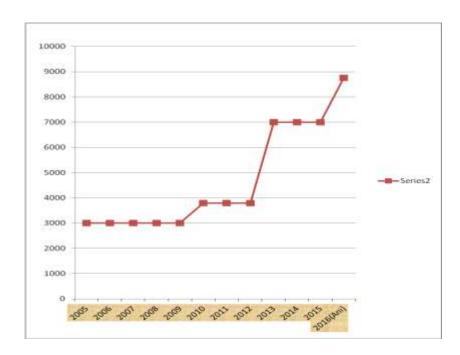
Since 2010 the cassation bonus was replaced by a voucher and the amount increased to 3 800 lei (grafic.1). Those who wanted a new car, could use another two bonuses, in addition to that resulting from scrapping the old car. Also, for the first time, the Scrappage programme has helped firms to get rid of old cars, this year being scrapped 186 854 cars and bought 60 000 new cars. In the 2011 – 2012 period 160 000 cars were scrapped and 60 000 new cars bought.

Since 2013, the Ministry of Environment has increased the value of a voucher to 6 500 lei, but it imposed that one cannot use more than one voucher, and, in order to encourage the purchase of electric cars, the state offered a bonus of 500 lei.

The Scrappage Programme proved to be a success in 2010, when 190 000 old cars were scrapped and 63 000 new cars were bought. Besides the fact that these two projects have had considerable success, they also marked significant progress in the environmental policy of Romania.

Statistics show that, by 2014, were scrapped over 480 000 cars and were bought almost 240 000 cars, most Romanian have changed the old Dacia for a new one, and number two in the top of marks which took advantage of the Scrappage programme is Opel, followed by Chevrolet.

In spite of the fact that it was a successful and well known programme, the Scrappage Programme seems to be close to the end. The budget for the car fleet renewal programme was dwindling from 2010 onwards, as more and more Romanians win in court the environmental tax refund money collected by the state and this money comes also from the Ministry of Environment. Although manufacturers and importers of cars thought the Scrappage programme should disappear in 2015 and the state should take action to stop the avalanche of imports of used cars from abroad, this programme continued and the Government has approved an extension of the programme, called the Scrappage Plus, which allocates a budget of 75 million lei for buying electric cars or hybrids, without the obligation to scrap an old car.



Grafic 1. Increasing the amount allocated by the state through the scrappage programme in the period 2005 – 2016

In 2016, according to the Ministry of Water and Forests Order no. 954 / 2016, companies and individuals can register in the Scrappage Plus programme, where one can buy a new electrical car with a maximum non-repayable funding of 20000 lei. For private individuals, besides the cassation bonus, it adds an Ecobonus with cumulative possibilities for certain characteristics, reaching the final amount of 8750 lei.

Conclusions

Environmental policy is conceived as a form of the general policy of the State with responsibility for setting strategies, objectives and priorities, means and methods involved in actions taken at national level to prevent and combat pollution, environmental conservation and sustainable development.

Taking into account the fact that, in Romania, the issues of environmental protection are imperative, particularly as a result of local pollution, produced mainly in the oil exploitation and mining industries, processing ores and oil, thermal power, chemical, woodworking and pulp, metallurgy, electrical industry and machine building industry, cement industry, transport, communal services and agriculture, the Government of Romania should supervise permanently and with a great responsibility the achievement of environmental policies and the use with maximum efficiency of financial instruments which realize these policies. Since one detailed the last two programmes, for 2016, the Romanian Government has proposed to fund from the Environmental Fund, projects and programmes for environmental protection in value of 790.1 million lei, as follows:

- the programme for *stimulating the national car park renewal*, which was allocated 220 million lei (in 2015 were scrapped 25 423 vehicles older than 8 years and in 2016 are expected to be scrapped around 20,000 vehicles and the 145 million amount was allocated for new funding);
- the Scrappage Plus programme which was allocated 75 million lei;
- the Green House programme, which has been allocated 44.5 million lei to finance the existing contracts and 94.7 million lei for new

contracts (this programme covers the installation of heating systems using renewable energy, including replacing or supplementing traditional heating systems for households and are expected to be approximately 15 000 individuals who will benefit from this funding).

- the Green House Plus programme, for which 45 million lei were allocated and which will finance environmentally friendly materials, green roof systems, systems to optimize resource consumption and more;
- the "Integrated water supply systems, sewerage treatment plants" programme, which was allocated 275.5 million lei in order to make payments under existing contracts;
- afforestation of degraded lands which was assigned 20 million lei for payments relating to current contracts, as well as 50 million for signing new contracts;
- for waste management, has been allocated 100 million lei for signing new contracts to finance prevention and recycling programmes, in support of circular economy;
- for the *construction of bicycle tracks* were allocated 30 million lei for signing new contracts;
- for the *Programme of public education and public awareness on environment* were allocated 30 million lei.

The multitude of environmental protection concerns for Romania indicates that this is a priority for the economic and social development, which aims to achieve a clean and healthy environment that does not affect the potential development of future generations. It is necessary to ensure environmental protection and conservation of natural resources, in accordance with the requirements of sustainable economic and social development and increasing education and awareness of the population on achieving these objectives.

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