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## **The prospects for Romania and state of the conduct ISPA Program**

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## **The prospects for Romania and state of the conduct ISPA Program**

**Abstract:** *European Union countries recorded growth rates differ. Therefore, the European policy of regional development aimed at ensuring heterogeneously and achieve the objective of convergence at European level must take into account the steps taken by each country, especially in if new countries joined.*

*The paper presents the implementation in 2000-2006 ISPA program and also conducted an analysis of how to attract European funds and how meeting the targets envisaged in the Accession Partnership between the European Union and Romania to meet national modernization of transport infrastructure and environment.*

*Analysis shows serious dysfunction in ISPA funds absorption compared with funds allocated although, in terms of allocation of funds by the European Commission, Romania is in second place after Poland.*

The Instrument for Structural Policies for Pre-Accession is a means of grant funding which has set as targets expand its transport network with the trans-connection between the support recipient countries to align their environmental standards to those of the European Union and adaptation recipient countries to the policies and procedures applied by the Structural and Cohesion of the European Union.

In order to achieve the objectives of providing performance accession programs to modernize the national infrastructure, environment and transport, in partnerships between the EU and each candidate country, was established by legislation nr.1267/1999 the Council of Europe, the policy Structural Pre. Initially, the program has funded infrastructure projects in transport and environment in the ten new EU countries in Central and Eastern Europe: Romania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. Since 2004 ISPA supported only Romania and Bulgaria. ISPA is managed by the Directorate for Regional Policy of the European Commission.

Construction and rehabilitation of infrastructure in new countries entering the European Union and linking the transport networks of the Union must be an important strategy in their economic development. ISPA fund the railroad development of road and shipping routes, giving priority to the development of transport in the beneficiary countries and their integration in the transport of the European Union, and connection to the trans-European networks.

Environmental, ISPA provides financial assistance for water supply, waste water treatment, waste management and aims to assist beneficiary countries to align to EU standards by applying directives of environmental protection.

Part of the ISPA has been used for technical assistance projects in order to ensure a level of quality and also supported the implementation agencies in project management.

Both the transport sector, and the environment, supports ISPA beneficiary countries to strengthen administrative capacity and promote a system of decentralized management of projects.

Implementation of this program is closely linked to improving health and quality of life of people and have a positive impact in the social and economic cohesion of the European Union countries. Economic progress and social cohesion and enhanced the overall objective of the European Union of "reducing disparities between levels of development of different regions and remaining behind the less favored regions" as stated in the Treaty on the European Communities.

Romania benefited during the implementation of ISPA program (2000-2006) for funding of around 240 million euros a year divided almost equally between environmental projects and infrastructure and signed by a number of 31.12.2005 64 memoranda of funding for implementation of projects in the field of environment and transport. Only in the period 2000-2005, Romania has signed 40 memoranda of ISPA funding, amounting to 1.446 billion euros of EU funds, representing over 70% of the total financial assistance granted to the recalled.

On 20 October 2003 was signed in Bucharest on the use of the Memorandum ISPA National Fund, the Government of Romania and the European Community, adopted by Government Decision nr.1326/2003 which created the institutional framework for conducting program.

ISPA program beneficiaries are local and central authorities (ministries, county councils, mayoral), autonomous and national companies that have the capacity to develop infrastructure projects large. The program runs on eight regions of implementation, regions which are formed by the association of counties, with no legal personality and without the administrative-territorial units. The regions are formed under the European Community classification of territorial units NUTS them NUTS II, with a population of up to 2.8 million.

The value of eligible costs for projects in the field of environment and transport has been approved by 2,015,033 thousand euros from the European Commission and 716,320 thousand euro budget Romania. Of these amounts, by the end of 2006, were provided allocations of 2,250,377 thousand euros, of which 1,668,589 thousand euros from the European Commission and 581,788 thousand euro budget Romania.

During the 2000-2006 Program for ISPA funds were allocated by the European Union budget and the national budget in the amount of 2,250,377 thousand euros, of which payments were made in the amount of 262,162 thousand euros for services provided and work performed, representing 11 65% of allocations. This is an alarm signal on the absorption of EU funds.

ISPA is the national coordinator of the Ministry of Finance, which monitors program and with ISPA Monitoring Committee review and assess progress of each project.

Inability to implement the program, the low absorption of EU funds and inefficient use of their failure causes objective of developing the infrastructure and environmental protection. From the data presented to the ISPA that Romania has the capacity to absorb the funds allocated by the financial instruments is unsatisfactory.

In order to increase the absorption capacity of Europe to impose performance evaluation programs as an ongoing systematic analysis of operations and benefits of each program or policy compared with the implicit or explicit standards to help improve the program or policy.

As a member of the European Union, Romania should aim at increasing the absorption capacity of structural and cohesion, given the existing infrastructure and the requirements of the European Union. Therefore, it should be borne in mind that deadline to absorb funds ISPA is 2010 and since 2007 we have received three times more money.

Regarding the absorption of structural funds in the European Union, Romania was ranked second after Poland in terms of allocation of the funds Instrument for Structural Policies for Pre-Accession to the European Commission, but this opportunity was not used for infrastructure development.

During 2000-2006, Romania, the ISPA program, made payments amounting to 262,162 thousand euros for services provided and work performed, representing 11.65% of the allocations. During this period were built only 211 km of highway, Romania having the least kilometers of highway in the European Union.

In Romania is a poor infrastructure development, so compared with France, has 37 or fewer miles of highway built in Romania and even the capacity to absorb the funds allocated by the financial instruments is unsatisfactory. Romania is in last place in Europe in terms of degree of absorption of EU funds during 2000-2006, with 14 times less capacity to absorb EU funds, compared with France and 3% less than Bulgaria. In order to change this situation, national policy needs to be improved because we have had in mind that it has international consequences, just as international firms have national consequences.

Regarding the prospects for Romania during 2007-2013, financial assistance through the Instrument for Structural Policies for Pre-Accession has been replaced since 2007 by the Cohesion Funds and financial support will increase substantially (3-4 times more ISPA than funds), which means that the Romanian authorities to strengthen the administrative structures of adequate coordination, so as to increase the absorption of EU funds.

Unlike the pre-accession (ex.ISPA), who had intended to prepare countries for EU rules, the structural and cohesion funds intended to reduce the social and economic development between regions and Member States of the European Union.

European Union funds will be provided in 2007-2013 through operational strategy in accordance with established National Strategic Reference Framework of Romania. Based on this framework will develop seven programs in the operational objective of convergence (increased economic competitiveness, environment, transport, regional development, technical assistance) and will work with neighboring countries and other European Union Member States in developing programs of eight operational cooperation with the European territorial objective. Operational programs that will run during 2007 - 2013 mention: Regional Operational Program eight sub-regional that will be funded by European Regional Development Fund and European Social Fund, the Sectoral Operational Program for Agriculture and Rural Development and Fisheries, which will be financed by the European Agricultural Guidance and Guarantee Fund and the Financial Instrument for Fisheries Guidance, the Sectoral Operational Program for social policy and employment with funding from the European Social Fund and the Sectoral Operational Program for research, technological development and innovation for eligible to be funded by European Regional Development Fund and European Social Fund.

For the period 2007-2013, the European Commission has earmarked Romania amount to 28 billion euros, but the level of 2007 is expected to absorb a level of only 4% of appropriations.

In order to develop infrastructure in the period 2007-2013, Romania has the Management Authority of the Operational Program for cross-border cooperation Romania-Bulgaria. This program aims to boost cooperation in the border region in areas such as infrastructure, transportation, environmental protection, communications, economic and social development. Border cooperation is an objective to promote economic development in order to carry out projects of common interest in accordance with international agreements to which Romania is party.

During the 7 years covered by the Operational Program for cross-border cooperation Romania-Bulgaria, for the two funds will be allocated 256 million euros of which 218 million euros from the European Regional Development 38 million national funding. For this area eligible for the city consists of the seven border counties, namely: Mehedinti, Dolj, Olt, Teleorman, Giurgiu, Calarasi and Constanta.

According to the European Commission Regulation nr.1959/2003 on the establishment of a common statistical classification of territorial units in Romania, the Regional Operational Program will run for eight development regions: Region North East Region South East Region Southern Region Western Region South-West, North-West Region, Region and Region Bucharest center as envisaged by Law no. 315/2004 on regional development in Romania.

Regional Operational Program funding will be provided in 2007-2013 from the state budget, local and private sources and will be financed from the European Regional Development Fund, which is one of the EU Structural Funds. The financial contribution of the European Union may be up to 85% of total national expenditure.

Regional Operational Program aims to eliminate disparities in regional economic and social development existing.

Currently, the most developed region of the country and Bucharest notes a trend of growth in western regions, but less in the eastern regions. Therefore, the program is to a balanced regional development by providing a minimum of development of the business environment and the social order to ensure economic growth.

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