

## **ENVIRONMENTAL FUND IN ROMANIA: ONGOING PROGRAMS FOR INCREASING ENVIRONMENT'S QUALITY**

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### **Abstract**

*In Romania, public expenditures for environmental protection are carried out within the programs funded by the Environmental Fund. The present paper presents a brief analysis of some programs which are in progress in 2020. The focus has been on the programs aimed at reducing the degree of soil pollution and improving the quality of life. Specifically, the paper captures the use of public money in order to increase the green spaces in the localities, to increase the wooded areas and to increase the public awareness on waste management.*

**Keywords:** *environment fund, public expenses, public budget, environmental costs*

**JEL classification:** *H23, H61*

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### **1. Introduction**

Environmental challenges are increasing the pressure on governments to find ways to reduce environmental damage to minimize the harm on economic growth. Governments have a range of tools at their disposal, including regulations, information programs, innovation policies, environmental subsidies and environmental taxes. Taxes in particular are a key part of this toolkit. A system for financing environmental protection is an integral part of the state financial system.

In Romania, the financing of expenses for the environmental protection is realized from own revenues of the Environmental Fund and from revenues obtained through the sale of the greenhouse gas emission certificates.

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According to data published by Eurostat in February 2020, total general government expenditure on environmental protection in Romania was 0,8% of GDP.

The purpose of the paper is to follow the practical applicability of programs funded from public money in order to improve the quality of the environment. At the declarative level, all the analyzed programs are well-intentioned and they aim for high environmental protection (improving air quality, improving soil quality, ensuring permanence and stability of biodiversity, combating climate change, ensuring population health standards, improving the landscape aspect, etc.)

The paper began with some introductory aspects, then it continues with the presentation of: 1. the program to improve the quality of the environment by creating green spaces in localities, 2. the program to improve the quality of the environment for afforestation of degraded lands, ecological reconstruction and sustainable forest management, 3. the program on education and public awareness on waste management. The paper contains an analysis of the numerical data related to them, and finally a series of conclusions are drawn with reference to these programs.

The Administration of Environmental Fund (AEF) functions as a specialized body of the central public administration, with legal personality, in the coordination of the Ministry of Environment. The Administration of Environment Fund manages programs financed from national funds and it is financed entirely from its own revenues. The sources of documentation that have been the basis of the research includes: program financing guides, AEF press releases, AEF's president dispositions and any data provided by AEF on its own web page. The research methods used in the paper are observation, analysis, rationing, synthesis, correlation.

## **2. Ongoing public programs for environment's protection**

### **2.1. Green spaces [The national program to improve the quality of the environment by creating green spaces in localities]**

The green space is a component of the urban complex through the multiple functions that it performs as an element of recreation and rest for population. Green spaces complete the architectural assemblies in all the compartments that make up the city life. The improvement of the habitat spaces offers a comfort to the population that live in cities and their surroundings. The notion of "green spaces" in localities is a concept that refers

to squares, public parks, forest park or recreational forest. The administration focuses on green spaces, adopting "Law no. 24 regarding the regulation of the green spaces in the urban areas". According to this law the "green space" means: "the green area within the cities and municipalities, defined as a mosaic network or a system of semi-natural ecosystems, whose specificity is determined by the vegetation (woody, tree, shrub, flower-culture and herbs)".

Bearing in mind that the norm of the World Health Organization is 50 sqm/inhabitant for the green space, and the European Union standards refer to 26 mp/inhabitant, the EU Commission has issued some alarm signals regarding some polluted cities in Romania that do not meet this criterion. There is a lack of green policies, there is not a clear legislation for the construction sites, but also regarding the trash pits. The National Institute of Statistics from Romania shows that only five of the county-resident municipalities meet the requirement of 26 square meters of green space for each inhabitant.

The existence of the program is motivated by the degradation of the green spaces on the territory of the Romanian localities, caused by their destruction as a result of the development of economic and social activities. This program is one of the oldest programs carried out by AEF, carried out since 2007 with an allocated budget of 60,000,000 lei, increased in 2009 to 92,442,224 lei. [GEO no. 59 / 20.06.2007] The program is addressed to the local authorities which voluntarily apply for the realization of development and modernization projects related to green spaces in the localities, as well as the establishment of new parks, squares and planted alignments or the rehabilitation of the existing ones. The program is applied throughout the national territory within the localities: municipalities, cities, communes.

The funded projects must prove the usefulness and efficiency of the investment, especially regarding the protection of the environment: increasing the surfaces of the green spaces in the localities to the European standards by developing and modernizing the green spaces in the localities and setting up new parks, squares and planted alignments or rehabilitation of existing ones. The program is financed from the Environmental Fund, more precisely from the amounts transferred by the tax authorities as pollution tax for motor vehicles. The funding is granted: a) in an amount equal to the eligible expenses of the project, without being able to exceed the maximum amounts established in the Guide, in case the applicant does not insure his own contribution; b) in amount equal to the difference between the eligible costs of

the project and its own contribution, without exceeding the maximum amounts provided in the Guide [Order no 1170/2009].

**Table 1: The maximum amounts proposed to finance in the Green Spaces Program**

<b>Administrative territorial units</b>	<b>Population</b>	<b>New park</b>	<b>Rehabilitation and extension of the park</b>	<b>Rehabilitation park</b>
Large cities / municipalities	over 100.000	2.000.000 lei	1.500.000 lei	1.000.000 lei
Medium cities / municipalities	20.000 – 100.000	1.500.000 lei	750.000 lei	550.000 lei
Small cities / municipalities	below 20.000	1.000.000 lei	500.000 lei	400.000 lei
Large communes	over 3.000	1.000.000 lei	500.000 lei	400.000 lei
Small communes	below 3.000	500.000 lei	250.000 lei	200.000 lei

Source: Guide of Financing of August 20, 2009 of the national program for improving the quality of the environment by creating green spaces in localities, art. 13, section 11

The categories of eligible expenses are varied and numerous and very well specified in the financing guide. Eligible expenses consist of preparing the land and soil for planting, purchasing the seedlings and plants necessary for the realization of green spaces, arranging playgrounds; the development of ecological alleys and curbs; furniture related to the arrangement of green spaces (benches and tables, containers for waste collection), lighting installations.

According to data published by AEF, in the section "green spaces", during the period 2007-2011, 667 projects were approved. The value of the projects completed so far is 330,180,563.33 lei. 7 projects are in force, and the value financed is 2,720,832.99 lei. The selection of projects was made based on a score, depending on the type of project and its technical data. As part of the Program, the applicants can benefit from the financing of eligible expenses related to maximum two projects per session. On the AEF website, information about the projects completed under this program are given, each year separately. The centralized data indicate a number of 572 financing

contracts approved in the period 2007-2011 and finalized in the period 2008-2018, with a total value financed of 333 million lei.

**Table 2: The situation of projects from the Green Spaces Program**

<b>Year of project completion</b>	<b>The final financed value</b>	<b>Number of contracts completed</b>
2008	23.655.026	48
2009	67.782.078	117
2010	43.926.985	76
2011	61.182.749	102
2012	33.317.167	52
2013	36.065.612	61
2014	39.472.867	66
2015	11.994.235	21
2016	10.522.624	18
2017	3.576.132	8
2018	1.726.974	3
<b>Total</b>	<b>333.222.448</b>	<b>572</b>

Source: Centralized data from the AEF website

From the previous table it can be seen a variation of the number of contracts finalized each year, determined by the specificity of each project and its duration. However, 2009 and 2011 are remarkable, there are over 100 completed projects each year and the total financed value is over 60 million lei. The analysis of the program development on counties highlights the following aspects:

a) Regarding the number of completed projects, Mures county leads the ranking with 30 completed projects, followed by Arad and Bihor counties with 29 projects, and Satu Mare and Calarasi counties with 28 projects. In the category of counties with more than 20 projects of “green spaces” there are also counties such as: Neamt, Giurgiu, Constanta, Suceava, Teleorman. At the opposite pole, in Mehedinti county there is only one project in this program, followed by Bucharest capital with 3 projects, Caras-Severin county with 4 projects and Valcea county with 5 projects.

b) Regarding the amount of financing, Calarasi and Neamt counties attracted the largest amounts from the Environmental Fund under this program, respectively 21 million lei and 19 million lei. At the opposite pole, the smallest amounts financing the “green spaces” are in Mehedinti 921,907 lei, Caras-Severin 1.7 million lei and Valcea 3.2 million lei.

This program can be considered a viable program, long lasting and with a concrete purpose, with a multitude of indirect beneficiaries that belong to local communities. Of course, there is also the question of how the money was invested by the local authorities, in inaccessible green spaces inaccessible to the public or of doubtful quality.

## **2.2. Afforestation [Program to improve the quality of the environment for afforestation of degraded lands, ecological reconstruction and sustainable forest management]**

On 31.12.1990, the forest which belong to the Romanian state had a total area of 6,341,260 ha. As of this date, the area of the public forest of Romania is 3,135,927 ha on 31.12.2018, administered by the National Forest Administration - Romsilva. The cause is given by the favorable legislation for the retrocession of forest lands. Of this area 32% represents beech forests, 25.7% softwood forests and 18.25 oak forests. The lands covered by forests managed by Romsilva represent 48% of the total area with forests at national level, the difference of 52% represents areas belonging to private owners. During the last 7 years, 111,554 ha were regenerated in the public forests, of which 69,864 ha through natural regeneration and 41,690 ha through artificial regeneration (afforestation). If we look at the forests by age groups, it is observed that 23% of the forested area is represented by young forests, up to 20 years old, while 26% of the forested area represents old forests, over 80 years, according to the data published by Romsilva.

As a result of the application of law regarding the reconstruction of the ownership right on the forest lands and the retrocession, more than 3.3 million hectares from the public forest was returned to private owners. The area on which Romsilva carries out annual regeneration works of forests has decreased from an average of 22,000 ha / year in the period 1991-2005, to about 16,000 ha / year in the period 2006-2015. All these efforts are not enough and refer only to the public forest fund, but there are millions of hectares of forest owned by individuals, legal entities and administrative-territorial units, cult units, educational units, etc., for which there are not clear

statistical data. For all these reasons the existence of this financing program is justified.

The object of the program is the non-reimbursable financing from the Environmental Fund for projects aimed at afforesting degraded agricultural land. The purpose of the Program is to improve the quality of the environment by expanding the forest area at national level, progressively improving the production capacity of degraded agricultural land, maintaining biodiversity and developing the ecological and social functions of forests. The program is applied throughout the territory, in rural and peri-urban areas outside the administrative-territorial units. Initially, the category of eligible applicants included: a) administrative-territorial units: communes, cities, municipalities, counties; b) agricultural land associations. [Order no. 1090 / 13.08.2009, art. 2] Subsequently, the program was extended also for composites, educational institutions and worship units that own / manage degraded agricultural land. [Order no. 989 / 24.06.2010, art. 23] And in the following year, 2011, the category of applicants referred only to administrative-territorial units. [Order no. 1726 / 17.06.2011, art. 23]

Eligible expenses consist in preparation of the land and soil for afforestation, acquisition of forest seedlings, expenses regarding the establishment of plantation, pedo-ameliorative works, forest-technical works, expenses for the maintenance of plantation, in degraded lands, expenses for the execution of the fences with the development of information materials, including the related VAT, etc. The financing is granted up to 100% of the eligible costs of a project. The financing guide for this program has undergone two successive changes that have produced major changes in the definition of the beneficiaries and in the classification of some expenses as eligible.

By the Disposition of the president of AEF, no. 231 from August 26, 2009 the program was started in the autumn of 2009, and the allocated amount was of 100,250,000 lei, also it is specified that the maximum amount that can be granted to a coordinator during the financing session is of 5,000,000 lei. For 2010, the amount allocated to the financing session is 100,000,000 lei, and the maximum amount that can be approved for each project is 3,500,000 lei, according to the Disposition of the president of AEF, no. 415 of 04.08.2010. These values for 2010 were supplemented with the amount of 110,000,000 lei in 2011, based on the Disposition of the president of AEF, no. 277 of March 14, 2011. By the Disposition of the president of AEF, no. 401 from July 5, 2011, the afforestation program made available to the beneficiaries 89,000,000

lei, the maximum amount that can be approved for each project is 3,500,000 lei. From the figures presented above, we observe an annual decrease both of the total funds granted for this purpose, as well as of the maximum amounts per beneficiary.

According to the data published by AEF, in the period 2007-2015, 70 financing contracts were signed for afforestation activities, with a total value of about 131,000,000 lei, a very small value compared to the amounts allocated to each open financing session. The sad fact is that these projects were not 100% completed, but only 40 projects were completed, representing a 48% completion rate. The total value of the completed projects is only 63.4 million lei.

**Table 3: Statistical data on the Afforestation Program**

<b>Year of signing the contract</b>	<b>Value of contracts / financed contracts</b>	<b>The value of completed contracts</b>	<b>Number of signed contracts</b>	<b>Number of completed contracts</b>	<b>Degree of achievement (%)</b>
2007	263.645	263.645	1	1	100
2008	726.195	726.195	3	3	100
2009	11.086.231	7.578.666	4	3	68
2010	13.109.242	7.676.953	8	5	59
2011	60.850.988	39.475.968	33	24	65
2012	720.395	720.395	1	1	100
2014	18.597.173	4.900.824	10	2	26
2015	25.709.247	2.051.622	10	1	8
<b>Total</b>	<b>131.063.117</b>	<b>63.394.268</b>	<b>70</b>	<b>40</b>	<b>48</b>

Source: Data processed by the author from the information published by AEF ([https://afm.ro/impaduriri\\_proiecte\\_finalizate.php](https://afm.ro/impaduriri_proiecte_finalizate.php), [https://afm.ro/impaduriri\\_proiecte\\_in\\_derulare.php](https://afm.ro/impaduriri_proiecte_in_derulare.php))

The large number of approved projects were in 2011, respectively 33 signed contracts, with a value of 60.8 million lei. Of these, 24 were subsequently completed. The figures do not indicate a high efficiency of the program, neither as the number of projects nor the financed values. From the perspective of the duration of a complete project, it can be observed an average of 7 years as the duration of a project from the completed ones. Most

of the projects have an implementation duration of 6, 7 and 8 years. Obviously, there are extremities. For example, in Harghita a project worth 169,000 lei had an implementation duration of 2 years, instead a project in Tulcea had an implementation duration of 11 years and a value of 263,000 lei.

After the geographical distribution, most afforestation projects were signed for Vaslui county, namely 9 contracts with a total value of 21.2 million lei, of which 7 were finalized by 2019. On the second position we find Dolj county, with a value of 20 million lei financed for 7 contracts, of which only 4 were finalized. The counties of Brasov and Olt started 6 reforestation projects, with a value of 16 million lei, respectively 13 million lei, not fully completed. There is a disinterest of the local authorities, given that in 12 counties in the country, only one afforestation project has been started in all these years. Moreover, out of the 41 administrative-territorial units, it is found that a number of 25 counties have submitted financing projects for afforestation activities, which represents a rate of 60%. Unacceptable is the fact that counties with mountainous surfaces, did not submit financing requests for this purpose: Vrancea, Sibiu, Bacau, Maramures, Salaj, Caras-Severin, Gorj, etc.

If we analyze the data according to the individual value of the projects, it can be observed that a large share (29%) have the projects with small individual values, under 1,000,000 lei. Projects with individual values between 2,000,000 lei and 3,000,000 lei have a weight of 30% in the total of signed contracts. The contracts with individual values exceeding 3,000,000 lei have a weight of 20% in total and are in number of 15, out of which only 5 projects are completed. The situation is better in the case of projects with small individual values, where out of the 29 signed contracts, only 5 are in progress in 2020.

### **2.3. Public awareness on waste management [Program on education and public awareness on waste management]**

For a waste management system to be efficient and to work properly, it is important that the public understands the system and supports it. The success of some recycling systems is almost entirely based on the support from the citizens. In order to avoid disposing of recyclable waste together with household waste, it is important both to educate the population and to stimulate the desire to manage waste properly and to introduce economic and legal incentives through which people's behavior can be changed. Reducing the impact on the environment is one of the long-term benefits of citizens'

education campaigns. Both informal education and non-formal education are important for selective waste collection. Among the public education campaigns carried out in Romania, at national / regional / county level are: "Marea Debarasare" Campaign, "MentineRomaniaCurata.ro Project" - a cause for citizens and public authorities; "Education for the future", "Selective collection of used bulbs, batteries and mobile phones" carried out in schools and town halls in six counties in collaboration with GreenWEEE, Tombola "Let's be friends with the environment!", Tombola "Protects Nature", Project of ecological education "Life for the environment, life for the human being", Events organized for the Environment Day, etc.

The purpose of the program is to raise public awareness on the selective collection of packaging waste, waste of electrical and electronic equipment (WEEE), bulky waste, construction and demolition waste, about the rights and obligations of individuals in the management circuit, as well as on the possibilities of local collection. The budget of the program is 25,000,000 lei, the beneficiaries are both the Ministry of the Environment and the local administrative-territorial units, including the Municipality of Bucharest, that will be able to carry out the public awareness activities provided in the financing guide. The budget allocated to each territorial administrative unit (county), including the Municipality of Bucharest, is distributed according to the population of each county, this information being published on the AEF website.

In December 2018, a project submission session was opened, extended until March 2019, then until May 2019, finally reaching July 2019, but without interesting applicants. The amount allocated to the financing session is 25,000,000 lei, of which: 10,000,000 lei for the central public authority for environmental protection, according to art. 10 of the Financing Guide, 15,000,000 lei for administrative-territorial units and Bucharest, according to art. 13 of the Financing Guide. [Order no. 1196 / 22.11.2018] Eligible expenses are covered as part of the program: realization of informative promotional materials, realization of radio / tv spots, realization of online campaigns, organization of conferences, realization of printings (eg posters, leaflets), acquisition of custom biodegradable bags, etc.

In the end, only one project is funded. The project is carried out by the Ministry of the Environment and has the value of 10,000,000 lei. This project aims a national campaign regarding the selective collection of waste (education and public awareness).

### **3. Conclusions**

From the analysis these three on-going programs in 2020 presented in this paper, we can draw a series of simple conclusions: there is a lack of information regarding the projects carried out from the money of the Environmental Fund, the informative public data are evasive and incomplete, they do not refer to the cost of actual implementation and amounts actually transferred through the treasury accounts on each project, some programs are blocked until the implementation, other programs are totally uninterested for the entities to which they are intended. The projects started are not published in detail (for example what are the wooded areas using the Forestry program).

### **4. References**

- Emergency Ordonance no. 59/2007 regarding the establishment of the National Program for improving the quality of the environment by creating green spaces in localities
- Eurostat (2020): *Total general government expenditure on environmental protection*, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Total\\_general\\_government\\_expenditure\\_on\\_environmental\\_protection,\\_2018\\_\(%25\\_of\\_GDP\).png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Total_general_government_expenditure_on_environmental_protection,_2018_(%25_of_GDP).png)
- Order no. 1090/2009 for the approval of the Financing Guide for the Program for improving the quality of the environment by afforesting degraded agricultural lands
- Order no. 1170/2009 on the Financing Guide of August 20, 2009, the National Program for improving the quality of the environment by creating green spaces in localities
- Order no. 1196/2018, for the approval of the Guide for financing the Program aimed at educating and raising public awareness on waste management
- Order no. 1726/2011 for the approval of the Financing Guide for the Program for improving the quality of the environment through afforestation of degraded lands, ecological reconstruction and sustainable forest management
- Order no. 989/2010 for the approval of the Financing Guide for the Program for improving the quality of the environment by afforesting degraded agricultural lands

- [www.afm.ro](http://www.afm.ro), Financing programs section, accessed between February and March 2020