

**FINANCIAL INSTRUMENTS EU/RO ON SUSTAINABLE
DEVELOPMENT OF RURAL AREA FROM ROMANIA.
CASE STUDY: PERIAM LOCALITY, TIMIS COUNTY**

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ABSTRACT

This paper presents sustainable rural development and its limiting factors, together with EU/RO financial instruments used in Romania, in financing programs available at present: ERDF, ESF, CF, EAFRD, and special funds which include SCF and EUSF. Currently in Romania are available for application of the following financial instruments of the EAFRD, structured in 4 priority axes with 8 important measures. Rural development, regardless of geographic area, of ways of developing and the needs of local people must be made according to certain rules and take into consideration the limiting factors and only then can we talk about sustainable rural development.

As a case study, Periam locality, Timis County, was chosen, due to its geographical position, with great development potential and in order to attract European funds. A part of the locality is also located inside a natural park (The Natural Park Lunca Muresului). Given this they have a great responsibility regarding environmental protection not only in the park but also in the area around it.

In order to achieve a viable sustainable development of the human society, all these measures have a certain purpose, namely the maintenance of ecological balance to ensure conditions of living and working even better for future generations.

1. SUSTAINABLE RURAL DEVELOPMENT

The concept of sustainable development was crystallized over time, over several decades, in some depth scientific debate internationally and has gained political valences precise in the context of globalization. This concept requires drastic changes in almost all areas of life. (S.N.D.D.R., 2008)

One of the most commonly cited definitions stresses the economic aspects by defining sustainable development as “economic development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.” (on the Brundtland report - 1986). (Man & Otiman, 2004)

Rural development includes all actions aimed at improving quality of life of populations living in rural areas, towards preserve natural and cultural landscape and to ensure sustainable development of rural areas according to specific conditions and those areas.

The concept of sustainable rural development began to take shape after the UNO Conference on Environment (Stockholm - 1972) and creating the World Commission on Environment and Development (1983).

People who can influence the course of rural economy life and that can participate in sustainable development of rural area are found in all structures:

- * Each member of the community;
- * chosen of local community (the mayor);
- * government;
- * parliament;
- * civil society.

All have an essential role in creating and implementing a sustainable development mechanism, of any community. Rural development policies are needed, establish some strategies that take into account local diagnosis, the real evaluation of socio- economic life of

the individual and the community, of government programs and political orientations. (Man & Mateoc-Sirb, 2008)

Rural development policy focuses on three major aspects of society: agrifood economy, the environment and existing rural economy and population. The new generation of rural development strategies and programs will be built around a competitiveness axis for agriculture, food and forestry, an axis for land management and environment, and an axis for quality of life and diversification in rural areas. (www.madr.ro)

There are numerous constraints that restrict societal development. A few can be negotiated to some degree; most are unchangeable. The total range of theoretical future possibilities is reduced by these constraints, leaving only a limited, potentially accessible set of options, the accessibility space (Fig. 1). Societal development—whatever its form—will be restricted to the remaining accessibility space. (Bossel, 1999)

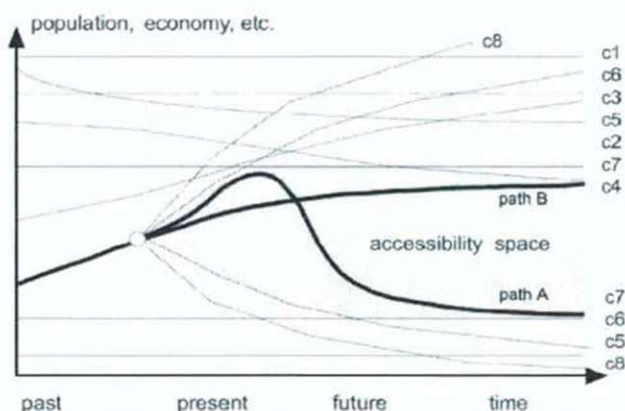


Figure 1. Development is constrained by various factors. These constraints leave only a limited accessibility space (after Bossel, 1999)

Following this chart we can see that sustainable development is possible, but the influence of several limiting factors such as:

Laws of nature, rules of logic: The laws of nature and the rules of logic cannot be broken. This implies restrictions that cannot be circumvented. Examples of such restrictions are the minimum nutrient requirements for plant growth, or the maximum energy efficiencies of thermal processes. Laws of nature, logic and permissible physical processes provide a first constraint, c1, on accessibility space.

Physical environment and its constraints: Human society evolves within, is dependent on, and is part of the global environment. Its development is constrained by the conditions of the global environment: available space; waste absorption capacity of soils, rivers, oceans, atmosphere; availability of renewable and non-renewable resources; soil fertility and climate. Sustainable development paths must adhere to these constraints. This is a second restriction, c2, of accessibility space.

Solar energy flow, material resource stocks: There is only one permanent energy supply on earth: solar energy. In sustainable development, the energy limitation is the rate of solar energy flux that can be captured and used by plants and technology. All material resources are limited to the present global supplies. Recycling is, therefore, also an essential requirement of sustainability. These energy and material constraints are a third restriction, c3, of accessibility space.

Carrying capacity: The carrying capacity is the number of organisms of a given species that can be supported by the region, given its (biomass) productivity and the demands of its

organisms. The carrying capacity of a region for humans depends on their material consumption. It is not only determined by food demand, but also by the demand for other resources (water, energy, rare metals, waste absorption, and so on). Carrying capacity is a fourth restriction, c4, of accessibility space. Humans can partially, and only temporarily, overcome the carrying capacity of a region by bringing in critical resources from other regions.

Human factors: Humans are self-conscious, anticipatory, imaginative, creative beings. This means that they are not restricted to act in narrowly confined ways according to fixed rules of behavior. They can invent new solutions — or they may not even see the obvious ones. This introduces as a fifth set of constraints, c5, on accessibility space.

Human organizations, cultures, technology: For a given society, and for the world as a whole, existing human organizations, cultural and political systems, available and possible technology and its systems, with their implications for behavior and the acceptance of change, will further constrain the accessibility space. This provides a sixth set of constraints, c6.

Role of ethics and values: Not everything that remains accessible will be tolerated by the ethical standards, or other behavioral or cultural values and norms of a given society. This introduces a seventh set of constraints, c7.

Role of time: All dynamic processes take time. For example, building infrastructure, or introducing a new technology, or restoring soil fertility, or stopping population growth, all take time, posing severe restrictions on what can be done, and how quickly or slowly things can be changed. Of particular importance is the ratio of rates of threat to rates of response: if responses cannot keep up with threats, viability and sustainability are at risk. That introduces an eighth set of constraints, c8. (Bossel, 1999)

Sustainable development and interdependence between economy and environment are important topics for the agenda of politicians, of civil society and, last but not least, of the scientific community worldwide. The growing interest for this concept has increased due to the return in the current concerns for increased production and consumption in the long term, due to limited resources and environmental constraints. (Man & Mateoc-Sirb, 2008)

2. FINANCIAL INSTRUMENTS EU/RO USED IN SUSTAINABLE RURAL DEVELOPMENT PROGRAMS

The new financial perspective discussed and voted by the European Union in 2005 covering the period 2007-2013 and includes 27 countries (including Romania and Bulgaria).

Most of financial instruments for development of rural area are focused on investing in rural infrastructure.

National Program for Rural Development (N.P.R.D.) 2007-2013 – program that award grants from the European Union and the Romanian Government for socio- economic development of rural space in Romania. Investors have new financial opportunities for investment projects in agriculture.

National Programme of Rural Development (N.P.R.D.) is the key document, based on which can be accessed European funds for agriculture. Common Agricultural Policy (C.A.P.) is a set of rules and mechanisms that regulate the production, processing and marketing of agricultural products in the EU and paying attention to rural development. (www.pndr.ro)

These funds, at regional level are identify with the NUTS EU system and at national level to which policy of regional development is implemented are NUTS 2 level. Funding from structural funds is made based on structural programs, on areas and priority objectives of regional policy and special funds works based on the project.

Since 2008, in the Structural Funds category, the most important are:

- 1) European Regional Development Fund (E.R.D.F.);

- 2) European Social Fund (E.S.F.);
- 3) Cohesion Fund (C.F.);
- 4) European Agricultural Fund of Rural Development (E.A.F.R.D.);

Special funds include:

- 1) Social Cohesion Fund (S.C.F.);
- 2) EU Solidarity Fund (E.U.S.F.); (Man & Mateoc-Sirb, 2008)

1) European Regional Development Fund (E.R.D.F.) is used to finance infrastructure projects, productive investment to create jobs and local development projects and to support SMEs. It was founded in 1975 and has the largest share of the Structural Funds, with the following direction of action (according to regulations of the European Parliament and Council 1783/1999):

- productive investment to create and maintain sustainable jobs;
- investment in infrastructure;
- investment in local development activities and business of small and medium enterprises;
- investment in education and health;

2) European Social Fund (ESF), created in 1958 as the main instrument of social community policy which focuses on improving the functioning of labor markets in different countries and by integrating the unemployed into the labor market by ensuring operation of the following actions:

- professional training;
- Retraining;
- Creation of new jobs. (www.madr.ro)

3) Cohesion Fund (C.F.), founded in 1993, aims to fund projects of environmental protection field and improvement of trans-European transport networks in the European Union Member States whose GDP is less than 90% of EU average.

Financial support granted is not structured on programs but on projects, each project receives EU grant at a proportion of 80-85% of total eligible costs. (Man & Mateoc-Sirb, 2008)

4) European Agricultural Fund for Rural Development (E.A.F.R.D.) – is a financing tool created by the European Union, to support member countries in implementation of the Common Agricultural Policy.

European Agricultural Fund for Rural Development (E.A.F.R.D.) is dedicated to rural development measures for rural development programs funding and it is an financing opportunity for Romanian rural space, which is based on the principle of co-financing private investment projects.

Currently there are 8 active financing measures that include hundreds of types of investment in agriculture and rural development: *Measure 112* – Installation of young farmers; *Measure 121* – Modernisation of agriculture holdings; *Measure 123* – Adding value to agricultural and forestry products; *Measure 125* – Improving and developing infrastructure related to development and adaptation of agriculture and forestry; *Measure 221* – First afforestation of agricultural land; *Measure 312* – Support for the creation and development of micro-enterprises; *Measure 313* – Encouragement of tourism activities; *Measure 322* – Village renewal and development;

In Romania there are four development directions, as follows:

- 1) Restructuring and development of agricultural and forestry production, related manufacturing industry, given the improving of professional components, of a sustainable management and compliance of environmental exacting;

- 2) Biodiversity and nature conservation will materialize through support, conservation and development of the forest, ensuring of a balance land occupation and development of sustainable management practices of agricultural and forest land;
- 3) Investment in rural infrastructure and rural services, a greater emphasis given on multi-functionality of rural areas, including conservation and valuing of cultural and architectural heritage.
- 4) Implementing local development strategies for improving administrative governance at rural level. (www.apdrp.ro)

3. APPROVED AND COMPLETED PROJECTS IN RURAL AREAS, VILLAGE PERIAM, TIMIS COUNTY

With Romania's accession to the EU (2007) Romanian rural communities, at the beginning with some reluctance, tried with help from the European funds, support from the Romanian Government and from own funds, to develop locality, to invest in infrastructure, economy, agriculture, environment protection, etc..

In order to observe better the phenomenon of sustainable rural development in Romania, it was chosen Periam locality, Timis County. Periam locality is a commune with about 4500 inhabitants, located in the western part of Romania, Timis County, in the north-western Banat Plain, at about 20 km from the border with Hungary. (Man & Stana, 2010)



Figure 2. Location of Periam locality. Access routes.

Due to its advantageous geographic position, Periam locality has great development potential in all points of view. Below are presented the number of projects that Periam has made each year from Romania's accession to the European Union.

Table 1. The number of completed projects (2007-2011)

Year	2007	2008	2009	2010	2011
Completed projects in Periam	4	6	7	10	14

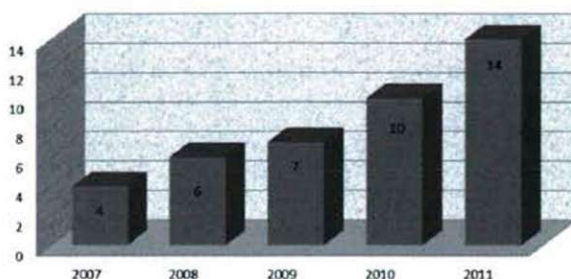


Figure 3. Number of projects completed in Periam locality, from 2007 until 2011

As shown, Periam locality began development of the locality since 2007 when they accomplished a total of 4 projects (street modernization in Periam, modernization of City Hall, rehabilitation of the kindergarten and the community center). Then every year, making a growing number of projects, reaching in 2011 a total of 14 completed projects (rehabilitation and commissioning the water tower, treatment plant, rehabilitation of pavements, modernization of the electricity network, etc.) plus 5 projects in progress.

1) Ecotur of the lower Mures between Periam Port and Mako

Financing: E.R.D.F. - The Program Cross-border Cooperation Hungary - Romania 2007 – 2013;

2) Ecological bridge over river Mures between Periam and Mako

Financing: E.R.D.F. - The Program Cross-border Cooperation Hungary - Romania 2007 – 2013;

3) Rehabilitation county road 682 (Periam- Periam Port)

Financing: Government of Romania;

4) Multifunctional sport base - Model type II

Financing: Government of Romania;

5) Kaula - Park. Project - Identity Landscape.

Financing: Government of Romania by the national program to improve environmental quality through the development of green spaces in localities

Approved for funding (HG 110/17.02.2011)

Because, in the locality are possibilities for development regarding to improve living standards, improve the environment quality, people want to change better image of the locality. Besides all these projects made so far, has a total of three approved projects that are expected funding for their start.

1) Modernization streets (7 km length) in Periam

Financing: Romanian Government through the National Infrastructure Development Programme "10000 km of county roads and local interest"

Approved for funding

2) Establishment of a home for the elderly, endowment the community center with national costumes and establishment of a marketplace.

Financing: E.A.F.R.D.

Eligible - on hold

3) Sewerage system from Periam

Financing: Government of Romania;

Approved by HG 1517, funding is not yet open

In conclusion we can say that Periam is one of the few localities in Romania who understood the expression of sustainable rural development. Sustainable rural development is

possible only when everyone is involved the mayor, local councilors, and town residents. Together, they can improve or even change the image of the locality.

Rural development, regardless of geographic area, ways of developing and needs of local people, must be made according to certain rules and considering of limiting factors, only then can we talk about sustainable development. (www.primatimperiam.ro)

4. ACKNOWLEDGMENT

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