SHORT HISTORY OF THE EUROPEAN COMISSION
(1957 – 2009)

In order to meet the problems which the European Union deals with, the member countries of EU launched Lisbon Strategy on the occasion of the European Council on the 23rd -24th of March 2000**.** The official aim of this strategy is to revive the communitary policies, on the basis of two major challenges which were affecting economy and society: globalization and the fast development of the informational society. The globalization process involves the growth of the competition in all the fields of economy. The development of the informational society involves a radical reformation of the educational system in Europe and also assuring life long learning for all european citizens. The European comission is the executive part of the European Union, having the role of making law projects and monitoring their application. The Comission is an organ of the European Comission, independent to the member countries, being the engine of the institutional system of the European comission:

- it has the right to initiative and it makes the law projects which are to be adopted by the parliament and the Council;
- the comission ensures the application of the European legislation (directives, regulations, decisions), the budgetary execution and the achievement of the programmes adopted by the Parliament and the Council as an executive organ;
- together with the European Court of Justice, it checks if the communitary legislation is respected ;
- it has the right to negotiate especially the treaties in the the domains of commerce and international collaboration, as a legal representative of the Community at the global level.

The main objective of Lisbon Strategy, meaning that of transforming **the Union into the most competitive and dynamic economy in the world up to the year 2010**, it was reformulated in 2005, on the occasion of the evaluation of the Stategy on the medium term.

The objective of Lisbon Strategy relaunched has the aim of transforming the Union into a more attractive space for investments and work, promoting knowledge and innovation as well as creating better and more numerous workplaces.
For the period of financial programming 2007-2013, the member countries were asked to allocate certain sums from the structural funds which they were supposed to receive, in order to finance the projects related to achieving the objectives of Lisbon Strategy.

The cohesion politics has the aim of reducing the existing gap existing between the regions in the European Union. These gaps come from the structural shortcomings which affect the key factors of competitiveness, namely the inadequate providing with a phisical and human capital (infrastructure and human resources), the isuficiency of the innovation capacity, of the support for factories and a low level of medium capital (a natural and/or urban polluted environment) .
The implementation of the cohesion politics at the level of the European Union supposes the reduction of the existing gaps between regions in terms of production, productivity and occupation. A strong economical growth especially in the ten new members which joined in 2004, as well as România and Bulgaria, can be a significant impulse for the economy of the European Union. In order to reach the objective of the cohesion politics, these countries need an important financial help in order to solve various structural problems and achieve their growth potential.
The differences between the members of the EU and its regions are given by:

- the gross internal product/capital
- providing infrastructure

- the quality of environment
- unemployment and the abilities of the necessary work force for the future developement
- the size and diversity of the bussiness environment
- differences concerning the usage of the latest technology

The politics of economical and social cohesion of the European Union is above all a politics of solidarity. This is based mainly on financial solidarity, meaning on the redistribution of a part in the communitary budget achieved through the contribution of the Member Countries, towards the less prosperous regions in the European Union, with the aim of promoting a high level of competitivity and assurance of jobs. Thus, the aim is of a stable and durable development of the EU and a good functioning of the Internal Market. These startegic objectives of the UE can also be found in Lisbon Strategy, which was launched in 2000, on the occasion of the European Council in 23-24 March and which covers a period of 10 years, up to the year 2010.

The Strategic Orientations for economical, social and teritorial cohesion represent a general unitary frame for all the member countries with the aim of preparing the programatic documents for FSC for the period 2007-2013 (The National Reference Strategic Frame and the Operational Plans).

The directory lines for cohesion take into consideration the role of cohesion politics for the implementation of the policies of the European Union, coherent with Lisbon Agenda.

The objectives of the cohesion politics for 2007-2013 are:

- Convergence (80% from the budget) – the regions from the member countries which are eligible for financing inside this objective are those which have a Gross Internal Product (GIP)/ capita < 75% from the communitary media.
- Regional competitivity and the assurance of jobs (15% from the budget). Those regions which are not covered by the Convergence objective are considered eligible..
- Territorial European cooperation (5% from the budget)
- Transnational
- Transfrontalier
- Interregional

For the period 2007-2013, Romania is eligible for financing in the **Convergence and Territorial**

European Cooperation objectives: .

The division on member countries

The European Comission makes yearly indicative distributions on member countries especially according to the following criteria: eligible population, national prosperity and unemployment rate. Every member country decides upon the details related to the allocation of credits on regions, taking into consideration the eligibility on geographical criteria.

The management of funds

Even if structural funds are related to the budget of the European Union, the way in which these are spent is based on a division of responsibilities between the Comission and the member countries.

- The Comission negociates and approves the development programmes proposed by the member countries and allocates the credits;
- Their states and regions negociates the programmes, ensures their application and selects the projects which it controls and evaluates;
- The Comission participates at the monitorization of the programme, hires and pays for the real expenses and checks the control systems.

For every operational programme the member country designates:

- An administration authority (public authority or organism of public or private ,national, regional or local law which manages the operational programme);
- An authentification authority (authority or public national, regional or local organism which cerifies the situation of expenses and requests of payment befor being sent to the Comission);
- An audit authority (authority or public, national, regional or local organism designated for every operational programme and in charge with checking the good functioning of the managing and control system).

A new rule meant to simplify the financial managing of the funds

A programme = a fund
Due to this principle, The European Fund of Regional Development and the Social European Fund can finance, each of them, in a complementary and limited way, the actions which are related to the intervention zone of the other fund (within the limit of 10% from the credits allocated by the Community to every prior axis of an operational programme). There is an exception to this rule: The European Fund of Regional Development and the Cohesion Fund can intervene together for the programmes in terms of infrastructures and environment.

Budgetary Commitments
The budgetary commitments referring to the perational programmes are made in yearly installments, for every fund and every objective. The Comission hires the first yearly installment before adopting the operational programme. Then the Comission introduces the installments on the 30th of April every year.

The automatic clearing:
A part of a budgetary commitment is automatically unlocked by the Comission in the case when this was not used or there was no request of payment at the end of the second year of budgetary commitment (n+2). On the basis of the respectively operational programmes the deadline is established at the end of the third year (n+3) in theperioad 2007-2010 for the following countries: Bulgaria, Estonia, Greece, Latvia, Lithuania, Malta, Poland, Portugal, The Czech Republic, Romania, Slovenia, Slovakia and Hungary.

Financing conditions:
Lisbon Strategy emphasized on the following aspect:
The Objectives of the funds must be concentrated on the priorities of the **European Union** in terms of promoting competitiveness and creating new jobs (Lisbon Strategy).
The Comission and the member countries make sure that 60% of the expenses of every country member allocated to the objective" Convergence"and 75% of the expenses allocated to the objective „ Competitiveness and taking the work force " are destined/ allocated to these priorities..

The cofinancing coeficients are capped.
The maximum cofinancing coeficients for every objective are:
- Convergence: between 75% and 85%
- Competitiveness and taking the work force: between 50% and 85%
- The european territorial cooperation: between 75% and 85%
- The Fohesion Fund: 85%

The Eligibility of expenses
In order to be eligible, expenses must be paid in the period 1st January 2007 – 31st December 2015.

The cofinanced operations must not be ended before the beginning of the eligibility period. The rules are established at a national level, taking into consideration exceptions mentioned by the specific regulations for every fund while, in the period 2000-2006, the rules were established at a communitary level.

- All these rules of financial administration are applied, as well, in the case of the Cohesion Fund.
- Regarding the eligibility of the expenses, the aplicable rules are national and not communitary.
- The cofinancing coefficients were changed. In the year 2000, the intermediar prefinancing represented 7% form the contribution of the fund for that action (for the 15 countries in the European Union with 15 member countries) and 16% for the 10 new members in 2004. At present, prefinancing is allocated on two or three years and the percentage is lower.
- The first intermediary payment can be done only if the member country offers the Comission a description of the functioning way of the managing, cerification and audit authorities .
- The request for the first payment must be introduced within 24 months from the payment of the first prefinancing installment by the Comission (if not, the member country must reimburse this prefinancing).
- Reimburses are calculated according to every prior axis (and not according to the measures, as in the period 2000-2006).
- Rule n+3 is introduced for the 12 new country members, as well as for Greece and Portugal until the year 2010.
- The financial management is more flexible: the finalized operations can be partially ended before the ending of the entire programme.

According to the regurations in Art. 87 from the Treaty regarding the European Union, in the case of the operations within the state aid, the conditions which an expense must fulfill in order to bre elligible, are added to the national and communitary provisions specific to the appliable state aid, in the case when these ones are sticter.

Through a derogation from the provisions of Art. 87 from the Treaty regarding The European Union

The expenses within the aid programmes are eligible according to the provisions of art. 87 from The Regulations of the Council nr. 1083/2006. The expenses regarding the engineering devices are eligible according to the provisions of art. 78 from The Regulations of the Council nr. 1083/2006 and art. 43-46 from the Comission Regulation nr. 1828/2006.

The following expenses are eligible:

Contribution in kind can be considered an eligible expense if it is under the form of fields, buildings, equipments and materials. In this case, it is considered the contribution of the owner himself and it must not be over 20% from the total of his contribution, established in the financing contract. In the case of fields, buildings, equipments and materials, these must be an inseparable, inclusive part of the result of the operation. Fields and buildings must be free of charges and not to be the subject of pending litigations.

Other cathegories of expenses: amortization, general administration expenses, the cost of a field aquisition.

The following expenses are not eligible:

- The valued added tax,
- Interest and other commissions corresponding to credits,
- collateral expenses which come in a leasing contract,
- acquisition of second-hand equipment,

- fines, penalties and court expenses.

Rights and obligations in order to access European funds

According to the financing contract, the beneficiaries of **europene funds** must respect a series of conditions:

- All along the contract, the eligibility and selection criteria assumed in the financing request will have to be respected.
- The beneficiary is not allowed to modify the project on a period of 5 years from the last payment made by the Agency. Briefly, any moment from the monitoring period of the investition, all the criteria which lead to the acceptance of the project become compulsory.
- Any prejudice towards a certain person is entirely in the responsibility of the beneficiary, APDRP being suspended in the case in which the fault belongs to the beneficiary.
- Avoiding the conflict of interests, informing APDRP about any situation which can lead to such a conflict.
- In the situation in which the clauses in the financing contract are broken by the beneficiary, APDRP can cancel it. In this situation, the beneficiary is not free from the integral payment of the amount of money received as a non-reimbursable financing up to the concellation date. In this case, the Agency will apply interests and penalties to the beneficiary in the percentage established according to the legal operative regulations.

EUROPEAN FUNDS- STRUCTURAL INSTRUMENTS

The Structural and Cohesion Funds (SCF) or the **Structural Instruments**, are financial instruments through which the European Union takes action in order to eliminate the economical and social disparities between regions, with the aim of achieving the economical and social cohesions.

The general rules regarding the Structural and Cohesion Funds are established through the Regulation of the European Union Council nr. 1083/2006 from July 2006, which defines the general rules regarding the European Fund for Regional development ,The Social European Fund and the Coehesion Fund.

In financial terms, these instruments take the second place in the budget of the European Union, destined to the European policies. These also include:

1. **The European Regional Development Fund (ERDF)**
2. **The European Social Fund (ESF)**
3. **The Cohesion Fund**

The prior objectives of the Structural Funds for the period 2007-2013 are regulated through the **Council Regulations (EC) Nr. 1083/2006 from 11th July 2006**.

The Convergence Objective: promotes the development and structural adjustments which registrate delays in devlopment.

- It is financed by Este finanțat prin **ERDF**, **ESF**, and the Cohesion Fund.

It covers NUTS areas, level II (area level), whose gross domestic product for an inhabitant is lower than 75% from the EU media.

The Objective Regional Competitiveness and assurance of jobs :supports the regions which are not elligible for the Convergence Objective.

- It is financed through Este finanțat prin **ERDF**and **ESF**;

- It covers NUTS areas, level III (level- county) or lower, including areas with socio-economical changes in the industrial and services sectors, rural declining areas, urban areas in difficult situations and areas depending on fishing.

The Objective European territorial Cooperation: it supports areas, counties and transnational areas.

- It is financed by Este finanțat de **ERDF**
- It covers NUTS areas, level III (level-county) which are internal borders of EU, as well as certain external borders.

The Programming Principles of the Structurale Coehsion Funds

A. Complementarity: Comunitary actions should be complementary or contribute to the national corresponding operations.

Partnership : **C**omunitary actions must be achieved through a tight collaboration between the Comission and the Member Countries, together with authorities and organisms named by the Member Countries,such as regional and local authorities, economic and social partners. The partnership must cover the preparation, the financing, the monitorization and the evaluation of the financial assistance. The Member Countries must ensure the association of the relevant partners to the different stages of the appointment.

B. Subsidiarity: The Structural Funds are not directly allocated to the projects chosen by the Comission. The main priorities of the development programme are defined by the national/regional authorities in cooperation with the Comission but the choice of the projects and their management are under the exclusive responsibility of the national and regional authorities.

C. Aditionality: The Communitary aid can not replace public structural expenses or other equivalents of the member countries. The Budgets of the Programme can not include both EU funds and national funds from public or private sources.

D. Compatibility: The operations financed from Structural Funds must be in accordance with the provisions of the EU Treaty, as well as with the policies and actions of the EU, including the regulations regarding competition, public aquisitions, the protection of the environment, promoting equality between men and women.

E. Programming: The common action of the EU and the Member Countries must be implemented on a multiannual basis through a process of organization, taking decisions and financing based on the formulation of integrated and coherent, multiannual and defining concrete objectives.

F. Concentration: The structural funds are concentrated on some priority objectives; in fact , a great part of these objectives covers a limited number of areas, which need support for their development and the extra resources are dedicated to certain social groups which are faced with difficulties all over the European Union, without satisfying special geographical criteria.

What are the post-adheration European funds?

The post-aderation European funds are structural instruments of the European Union meant to support the Common politics, in accordance with the communitary strategies.

The Main European post-adheration Funds for Romania:

1. The European Regional Development Fund (ERDF)
2. The European Social Fund (ESF)
3. The Cohesion Fund

4. The European Agricultural Fund for Rural Development – (EAFDR)
5. The European Fisheries Fund – EFF

What are the Structural Funds?

The Structural Funds are financial instrumente through which the European Union takes action with the aim of eliminating the economical and social disparities between regions, in order to make the economical and social cohesion.

From the European post-adheration Funds, ERDF and ESF are Structural Funds. In case the European post-adheration Funds are referred to, we can use the phrase" Structural Instruments"

Who can benefit from financing from The European Funds destined to Romania?

The beneficiaries are individuals or legal entities from Romania who apply for financing and implement individual projects or grant schemes co-financed through European post-adheration Funds.

Beneficiaries contract goods, works and services for the implementation of their projects. In certain cases, beneficiaries will manage the grant schemes through which smaller organisations or SMEs will apply european financing.

Beneficiaries can be representatives of:

- The Private Sector
- Governamental or nongovernamental organisations (NGOs)
- Local Public or Central Authorities (LPA), according to the specific of the major domains of of intervention/ operations/ measures financed through the respective operational programme.

What kind of financing is necessary for a project with European funds?

From the total cost of the project, the beneficiary must cover the non-eligible expenses as well as the co-financing. The procesul of co-financing can vary between 0% and 75% from the eligible expenses according to the Operațional Programme, the Intervention Domain, Operation, Measure and Beneficiary.

What are the elligible expenses?

Elligible expenses are the nonelligible expenses made by a beneficiary, corresponding to the projects financed from public funds (communitary or national). These expenses are established for every Operational Programme in turn.

EUROPEAN FUNDS COMPLEMENTARY TO STRUCTURAL INSTRUMENTS

Besides the actions supported frm The Structural Instruments, there will also be investitions in the domain of rural development and fishing, through instruments like:

1. **The European Agricultural Fund for Rural Development (EAFDR)**
2. **The European Fisheries Fund (EFF)**

The European Agricultural Fund for Rural Development (EAFDR)

The European Agricultural Fund for Rural Development (EAFDR) is the complementary action destined to the common agricultural politics of the European Union. EAFDR was established in 1958 and it finances measures of rural development and aids for farmers, especially in regions with development delays.

It is meant to improve the efficiency of production, processing and marketing structures dealing with agricultural and forest products as well as to develop the local potential in rural areas. It is the correspondent of SAPARD Funds, being available for the member countries of EU, having as objectives the support of the market of agricultural products and the promotion of reorganising the communitary agriculture.

The actions which will be financed through EAFDR:

- Investments in agricultural holdings
- Support for beginner young farmers
- Profesional instruction
- Support for schemes of early retirement
- Compensatory allowances for disadvantaged areas
- Measurements of agro-environment
- Processing and marketing of agricultural products
- Development and promtion of forests
- Measures for adapting and developing rural areas

The European Agricultural Fund for Rural Development (EAFDR) aims at four axes of development:

Axis 1: Increasing competitivity in the agricultural and forest fields
Axis 2: Improving the environment and the natural landscape
Axis 3: Improving the quality of life in the rural areas and encouraging the diversity of rural economy
Axis 4: Leader

Axis 1: Increasing competitivity in the agricultural and forest fields

The durable development of a competitive food and agriculture sector through modernizing and improving the production and marketing of agricultural products and the development of human resources through the improvement of professional education of the agricultural producers and of the infrastructure related with the development and adaptation of agriculture both in order to increase the added value of the raw materialof agricultural origin, and to create and improve the food an agriculture local branches.

In the rural areas which have a positive impact on the income of the persons who work in this field ,thus at the end of the programming period, the supported farmers should be able to manage their explitations in the conditions of the market economy nowadays.

The improvement of the forestry products competitivity through creating and modernizing processing units which use modern technologies, the development of infrastructure, as well as through a performance management provided by the development of human resources, through the improvement of professional trening towards forest owners in order to ensure the growth o productivity, maintaining the vitailty and durability of these forests.

Axis 2: Improving the environment and the natural landscape

There will be followed several objectives which will lead to the maintenance of the population which develops agricultural and forestry activities in mountainous areas and with natural handicap in order to avoid the abandonment of the fields and the loss of agricultural terrains where expanded agriculture is practised as well as in mountainous areas which have a high, natural and cultural value. It is also important to apply the agricultural practice which will ensure the protection of the environment and the agricultural areas through practising ecological agriculture, keeping the traditional agricultural practices, maintaining the genetic diversity and agro-technical measures in order to avoid the erosion of the soil and the pollution of water.

In what concerns the role of protection and management of forests the aim will be to follow the principle of a sustainable forestry development and the protection of areas with a high natural value. The improvement of the environment conditions is done through applying the principles of the durable management of forests, the expansion of the forestry areas and the protection of forest s with a high value of conservation.

Axis 3: Improving the quality of life in the rural areas and encouraging the diversity of rural economy

The aim is increasing the multifunctionality and attractiveness of the rural space through the orientation towards non-gricultural activities and creating basic services. In the same time, this axis has a very important role in creating new jobs in rural areas and the absorbtion of the workforce which will be released from the agricultural field along with the growth of its productivity.

Axis 4: Leader

The support provided by LEADER axis offers the possibility to introduce a territorial approach integrated ”from basis to the top” of the rural development whose concept is built on the basis of the identification of local necessities and of the capacity of implementing development strategies which will integrate one or more priority objectives.