

*Environmental Finance and Development*¹, Sanja Tišma, Ana Maria Boromisa, Ana Pavičić-Kaselj

This book focuses on the subject of environmental financing in five selected countries Bulgaria, Romania, Slovenia, Croatia and Turkey. Newer EU member states, such as Romania and Bulgaria, and those that will soon become members, like Croatia, as well as the ones that are in the process of preparation, such as Turkey and Serbia, have mostly aligned or are aligning their environmental legislation with the *acquis communautaire*. This book identifies major achievements and remaining challenges in the process of their alignment with the EU in the main areas of environmental regulation: nature protection, water, waste, air and climate change.

The book is divided in 6 chapters. First chapter introduces us to the subject of development strategies, environmental protection and financing. Authors made a comparative analysis of global policy framework, EU approach, national environmental strategies and financial needs and their links with strategic development documents.

Chapters that follow describe one by one main areas of environmental protection - nature protection, water, waste, air and climate change. In all this chapters the same concept is applied. The current situation is presented, followed by an overview of institutional and legal frameworks. Division of competences between actors at the same or at different levels is addressed. Costs of implementation are estimated and possible sources of financing are identified.

The first area that authors focus on is nature protection. Authors introduce us to the EU requirements and European ecological network of special areas of conservation-Natura 2000 before they start with national plans and financing of the selected countries. They explain that sustaining the financial requirements of the Natura 2000 network depends ultimately on national governments and the capacities of Natura 2000 managers.

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Next chapter analyzes the water sector. Like in the chapter before authors start with the European water policy and elaborate crucial EU Directives like Water Framework Directive adopted in 2000 before they start with the analysis of national plans and financing in Slovenia, Bulgaria, Romania, Croatia and Turkey. They emphasize that significant financing is necessary in the water sector, but that key problems that hinder faster water sector reform are institutional: unclear division of responsibilities between various organizations and the lack of coordination.

Chapter that follows analyses the waste sector in selected countries. Since the European Union waste policy and legislation try to minimize adverse environmental impact caused by the generation and treatment of waste, selected countries have to align with the EU and its legislation. In all focus countries at national level, ministries of environment are responsible for policy development, while local authorities are responsible for implementation. Local authorities often lack financial, institutional and technical capacities for effective waste management. EU legislation transposed into national legal provisions requires a new approach to waste problems, based on the principles of waste hierarchy and polluter pays. While legislation on waste management has been improved, the implementation of these principles is challenging, burdened by the issue of affordability.

Fifth chapter focuses on air sector. The EU has been working since the early 1970s to enhance air quality and has been acting in different stages to reduce exposure to air pollution: through European legislation, through work at international level to reduce cross-border pollution, through cooperation with sectors responsible for air pollution, through national, regional authorities and NGOs, and through research. The effort is made by controlling emissions of harmful substances into the atmosphere, improving fuel quality, and by integrating environmental protection requirements into the transport and energy sectors. Air quality has improved in all focus countries since 1990 except Turkey. This is primarily the result of economic transition, downsizing of most polluting industry and improvement of fuel quality (for production of electricity and in transport sector).

The final chapter focuses on climate change. Since The Kyoto Protocol is going to expire on 31 December, 2012 authors emphasize that the successor treaty has not been agreed upon yet, but the goal is set to

limit an increase of global temperature to two degrees Celsius. They also underline that there is no agreement on how to reach the agreed target, but there is an understanding that developed countries should finance domestic measures as well as adaptation and mitigation measures in developing countries. As parties to the Kyoto Protocol, Bulgaria, Romania, Slovenia and Croatia have adopted binding reduction targets (8 per cent decrease of emissions; 5per cent Croatia) while Turkey has no commitment. All the focus countries requested recognition of specific national circumstances under the Kyoto Protocol and have relied of foreign assistance to build institutional capacity for climate policy creation and implementation.

The book addresses important issues of environmental financing that gained particular importance on the global scale in the recent years of economic crisis. Authors comparative analysis of the five selected countries show us that commercial value of environmental infrastructure necessary for services, issues of affordability, price setting mechanisms, risks for investors and creditors and policy stability and predictability have a significant role in the decision making related to financing environmental protection.

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