

## ANALYSIS OF THE DEGREE OF ACCESS TO THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT IN ROMANIA

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### Abstract

Although the mechanisms necessary to adapt the current Common Agricultural Policy, Romania has achieved targets for increasing labor productivity, while increasing market competitiveness and transformation of current structures viable operating structure as the foundation for integration into the common market. These steps can not be bypassed. As the old Member States have long exceeded those steps and it is not possible the unitary development at European level through the maintenance of important differences, the new Member States should be supported to speed up reforms. As a result, the Romanian agriculture, although it will evolve at a European level and in the future will have features related to the nature of climatic and human resources which furthers the quality of products, diversified. This specific development is the expression of diversity of Member States to ensure their national identity. Support the European integration process fosters diversity of each Member State market competitiveness of food products.

**Keywords:** grants, rural development, degree of access, the National Rural Development Programme 2007-2013, European Agricultural Fund for Rural Development.

### INTRODUCTION

European Union with 27 Member States has the strategic directions of agriculture and rural integration with the environment for sustainable development to cope with economic risks and uncertainties, ecological, social and sanitary. New global challenges for market instability and food crisis have emerged under the impact of climate change, degradation of natural resources and soaring energy prices. The effects has generated the income inequality and the rising food prices. Following these disturbances, the European Union and the Member States adjust their development strategies from some provisions aimed at increasing food production on sustainable

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paths, protecting natural resources and European agriculture more competitive on the world market.

Romania is on track in terms of community development in agriculture has not yet expected progress in adapting its basic structures to the market competitive, although the national economy is growing since 2000. To overcome this situation, limiting economic expansion and exploitation of agricultural potential, measures must be accelerated in sense of modernization and organization of agriculture in sustainable use of renewable and non-renewable resources for food security and economic balance.

### **Overview of the European Agricultural Fund for Rural Development**

European Agricultural Fund for Rural Development (EAFRD) is a post-accession European fund, established to support the economic and social areas of the territory of the European Communities, to strengthen the structures of agricultural production, diversification of methods of land management and employment work, which finances rural development measures and aid for farmers, especially in regions with developmental delays.

EAFRD is accessed based on two key documents: the National Rural Development Programme 2007-2013 (RDP) and National Strategic Plan for Rural Development.

National Rural Development Programme 2007 - 2013 designed, was approved by the Rural Development Committee of the European Commission, on February 20, 2008.

General objectives of the RDP were determined according to the EAFRD on economic and social development of rural land, diversification of methods of management and employment land were identified and specific strategic objectives in each axis as follows:

- Axis 1 aims at increasing the competitiveness of agrifood and forestry sectors in Romania. Goal: Increase the competitiveness of the agri-food and forestry;
- Axis 2 aims to maintain and improve the rural environment by promoting the sustainable management of agricultural areas and of the forest. Goal: Improving the environment and the countryside;
- Axis 3 aims at encouraging diversification of rural economy and improving quality of life in rural areas. Goal: Encourage the diversification of rural economy and improving the quality of life in rural areas;
- Axis 4 aims at improving local governance and promote the endogenous potential of rural areas. Goal: Starting and operating local development initiatives.

## **Implementation status of the rural development measures financed by the EAFRD**

Implementation status of the measures by the EAFRD on 31/12/2010, broken down by each axis / measure in part, as follows:

- ✓ Axis 1: Improving competitiveness of agriculture and forestry
- Measure 112 “Setting up of young farmers”

By the end of 2010 were held four sessions for submission of projects under this measure, during which 6572 projects were submitted for a total of 136,720.066 requested eligible thousand euros. Of the 6572 projects submitted were selected following the Selection Committee meeting of 4567, out of which 3075 projects were contracted, with a total volume of investments 64724.599 thousand Euro and with a value of eligible reimbursable 64705.035 thousand euros, which have made payments amounting to some 35333.616 thousands Euro, 28266.893 thousands Euro representing EAFRD contribution.

- Measure 121 “Modernization of agricultural holdings”

By the end of 2010 were held 7 sessions for submission of projects under this measure, during which 5545 projects were submitted for a total eligible amount requested of 2121050.948 thousand euros. Of the 5545 projects submitted were selected following the Selection Committee meeting of 1845, out of which 1641 projects were contracted, with a total investment volume of 1,409,449.063 thousands EUR and value of eligible reimbursable 603,063.248 thousand euros for which payments were made 228,120.552 thousands Euro, 182,496.442 thousands Euro representing EAFRD contribution.

ro și cu o valoare eligibilă nerambursabilă de 507.884,270 mii Euro.

- Measure 123 «Adding value to agricultural and forestry»

In measure 123 were applied three aid schemes, namely:

- State aid scheme - XS 13 / 2008 to stimulate SMEs that process agricultural products in order to obtain food, other than those listed in Annex I to the EC Treaty as well as those engaged in processing agricultural products to obtain and use renewable energy sources and biofuels;
- State aid scheme - XS 28 / 2008 to stimulate small enterprises in the primary processing of wood and non-wood forest products.
- State aid scheme - N578/2009 to stimulate regional development through investments for agricultural and forestry product processing to obtain non-agricultural products.

By the end of 2010 were held 20 sessions for submission of projects under this measure, during which 1504 were eligible projects with a total requested 1290685.243 thousand euros. Of the 1504 projects submitted were selected 928 projects of the Selection

Committee meeting, of which 688 projects were contracted, with a total investment volume of 1,366,302.036 thousand EUR and a 507,884.270 thousand euro representing EAFRD contribution..

Out of 1504 projects submitted:

- 913 projects were submitted to measure 123, of which 556 projects were selected and 375 contracted projects with a total investment volume of 1,004,731.701 thousand EUR and a value of 370,195.118 thousand Euro grant eligible;
  - 247 projects were submitted to the State aid scheme - XS 13 / 2008, of which 215 projects were selected and 179 contracted projects with a total investment volume of 214,529.817 thousands Euro and value of eligible reimbursable 78403.931 thousand Euro;
  - 177 projects were submitted to the State aid scheme - XS 28 / 2008, of which 157 projects were selected and 134 contracted projects with a total investment volume of 147,040.518 thousands Euro and value of eligible reimbursable 59285.221 thousand euros.
  - 129 projects were submitted on schedule N578/2009 - Agricultural.
  - 38 projects were submitted on schedule N578/2009 - forest products.
- By the end of 2010, payments made were 118,923.770 thousand Euro, representing EAFRD contribution 95139.016 thousand euros.

- Measure 125 «Improving and developing infrastructure related to development and adaptation of agriculture and forestry»

By the end of 2010 it held a session for submission of projects under this measure, during which 870 projects were submitted for a requested eligible amount of 922,896.844 thousand euros. Of the 870 projects submitted were selected 141 projects of the Selection Committee meeting, of which 135 projects were contracted, with a total investment volume of Euro 193,079.151 thousands and value of eligible reimbursable 154,915.111 thousand euros, for which no payment was made.

- Measure 141 «Support for semi-subsistence farms»

By the end of 2010 were held three sessions for submission of projects under this measure, during which 36 416 were submitted for projects with a total of 273,120.000 requested eligible thousand euros. Of the 36 416 projects submitted were selected following the Selection Committee meeting 18 408 projects, of which 16,521 were incurred for grant eligible projects with a value of 123,907.500 thousand euros, which have made payments of approximately 24,321, 251 000 Euro, the EAFRD contribution representing 19457.001 thousand euros.

- Measure 142 «Setting up producer groups»

By the end of 2010 were submitted 17 projects with a total of 2501.655 thousand Euro eligible required. Of the 17 projects submitted, 15 projects were declared eligible, which were contracted 14 projects with a value of 2215.137 thousand Euro grant eligible

for payments that were made about 214 808 thousand euros, EAFRD contribution representing 171,846 thousand euros.

Also under this measure have been contracted (transferred) 3 grant eligible projects with a value of 30.318 thousand euros, projects were underway to measure 3.2 «Setting up producer groups» under the SAPARD Programme.

✓ Axis 2: Improving the environment and the countryside

➤ Measure 211 “Support for disadvantaged mountain areas”

By the end of 2010 payments made were 144,974 thousand euros from the applications for areas declared by farmers.

➤ Measure 212 - Support for disadvantaged areas - other than mountain

By the end of 2010 payments made were 78.809 thousand euros from the applications and areas declared by farmers.

➤ Measure 214 “Agri-environment”

By the end of 2010 payments made were 326,322 thousand euros from the applications for areas declared by farmers.

✓ Axis 3: Quality of life in rural areas and diversification of rural economy

➤ Measure 312 “Support for the creation and development of micro-enterprises”

Until 31.12.2010, 5 sessions were held for submission of projects under this measure, during which 3980 projects were submitted for a total requested eligible of 543,860.936 thousand euros. Of the 3980 projects submitted were selected following the Selection Committee meeting of 1382, out of which 1338 were contracted projects with a total investment volume of 356,369.285 thousand Euro and 196,624.192 thousand euro eligible grant euro, for which payments made were 41502.819 thousand euros, representing EAFRD contribution 33202.256 thousand euros.

➤ Measure 313 “Encouragement of tourism activities”

Until 31.12.2010, 5 sessions were held for submission of projects under this measure, during which 1400 were eligible projects with a total claimed of 238,967.726 thousands Euro. Of the 1400 projects submitted were selected 634 projects of the Selection Committee meeting, of which 582 projects were contracted, with a total investment volume of 264,117.156 thousand Euro and a value of 102,530.681 thousand Euro grant eligible for which payments were 6808.855 thousand euros, representing EAFRD contribution 5447.084 thousand euros.

➤ Measure 322 “Village renewal and development, improving basic services for rural economy and population and implementation of rural heritage”

By the end of 2010 were held five sessions for submission of projects under this measure, during which 3039 projects were submitted for a total eligible amount requested

7429244.322 thousand euros. Of the 3039 projects submitted were selected from 611 projects of the Selection Committee meeting, of which 611 projects were contracted, with a total investment volume of 1,922,619.288 thousands EUR and value of eligible reimbursable 1542873.735 thousand euros for which payments were 155,284.178 thousand euros, the EAFRD contribution representing 124,227.343 thousands Euro.

✓ Axis 4: LEADER

➤ Measure submeasure 431-431.1 “Building public-private partnerships”

By the end of 2010, Phase 1 ‘awareness of local actors on the LEADER approach’ “were held 16 sessions of 5 days (per lot), a total of 64 training sessions for Phase 2” representatives formation potential groups “and they held four sessions of 12 days (per lot), a total of 16 training sessions, and Phase 3 “financial support for preparation of files for selection GAL” was held a session for submission of projects under this sub-measures on during which 112 projects were submitted for a total of 4920.162 thousand Euro eligible required. Of the 112 projects submitted were selected from the Selection Committee meeting 111 and 104 contracted projects with a value of 4340.341 thousand Euro grant eligible. By the end of 2010, as the 431.1 phases 1, 2 and 3, payments made were 4779.016 thousand euros, representing EAFRD contribution 3823.212 thousand euros.

✓ Measure 511 “Technical Assistance”

By the end of 2010, following the procurement process, at APDRP ended 21 contracts with a value of 10687.728 eligible thousand euros and ended September at MARD or contracts with a value of 1116.391 thousand eligible euro and Framework Agreement for National Rural Development Network in the amount of 29,487,028.03 euros. Under this measure, the period, have made payments amounting to 5187.859 thousand euros, of which direct payment is Euro thousands 2361.504 and 2826.355 thousand Euro payments related to contracts are signed.

### **Analysis of the degree of access of the rural development measures financed by the EAFRD**

On March 11, 2011, measures 112, 121, 123 (including state aid scheme), 125, 312, 313, 322, 141, 142, 431.1, 511, guarantee schemes, 221, 211, 212, 214 , 611 of the National Rural Development Programme, 59 469 projects were submitted for 12.966.147.829,27 Euro. Among them were selected 30,733 projects public 4.040.143.244,76 euros, of which 27,691 were contracted public contracts with a value of 3.651.405.029,82 Euro and 4,262,807 that were made installment payment value Euro 1.871.583.160,91 public.

Of the total allocations RDP 2007 - 2013 (including additional allocations from the European Economic Recovery Plan) in the amount of 6,953,014,326 euros (not including measures area payments for which there are stages of evaluation, selection and contracting), the use of allocations representing the value of public contracts related

to the allocation of RDP, was 52.52%.

Of the total allocations RDP 2007 - 2013 (including additional allocations from the European Economic Recovery Plan) 9,675,397,030 Euro worth of accessing RDP level, representing the public value of payments relative to the allocation of RDP, was 19.35%.

## **Conclusions**

Romania has considerable EU funds, however, is dependent on accessing their internal resources and many projects eligibility. From this point of view of European farmers are more favorable than poorly organized and Romanian farmers not benefiting from economic and institutional structures functional. Access to European funds is limited by the state of Romanian agriculture, some provisions of the agreement negotiated by the high demands of EU rules on cross compliance and the difficulties of organization and institutional.

Romania must meet specific objectives related to agricultural policy agricultural economy and state characteristics of rural communities. Specify these priorities in a national strategy and long term programs, particularly on natural resource protection, scientific research and modernization of animal husbandry are the basis to achieve the objectives set in line with the Community strategic guidelines to reduce and eliminate disparities and guarantee to the old Member States.

The low level of funding in 2007-2008, annual gradual allocation of direct payments in a long time, and delays in payment of farmers, are impediments to accelerating the process of adaptation to European structures.

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