

**THE NATIONAL PROGRAM FOR RURAL DEVELOPMENT 2014-2020
INFLUENCED BY THE EXPERIENCE GAINED DURING
THE PERIOD 2007-2013**

VASILE GOȘA, ANDREA FEHER, MIROSLAV RAICOV

*Banat's University of Agricultural Sciences and Veterinary Medicine „Regele Mihai I al
României” from Timisoara*

gosavasile@gmail.com, feherandrea.usab@gmail.com, mikiraicov@gmail.com

Abstract: *The financial resources allocated to the Member States of the European Union for rural development programs represent one of the key components of Common Agricultural Policy. The financial mechanisms and allocation criteria of public funds intended for the Pillar 2 of the CAP are subject to some challenging discussions sometimes contradictory between Member States due to different national priorities from one state to another. The National Rural Development Programme, endorsed by the European empowered bodies forms the basis for substantiating the size and structure of Rural Development Fund.*

Key words: *the National Rural Development Programme, absorption level, structural funds, complementary funds*

INTRODUCTION

The financial instruments of European Union offer the possibility to recover some significant financial resources in order to reduce the existing gaps between the Member States. The experience gained by Romania during the first seven years from the entry into the European Union concerning the development of national programs and priorities within the requested funds should be a real support in subsequent approaches.

Regarding the National Rural Development Programme for the period 2014-2020 is required a depth analysis of its execution in the previous period, in particular in terms of the use of allocated resources.

MATERIAL AND METHOD

The methods used were analysis, synthesis, comparison method, deduction and induction. The data used were taken from the statistics of the European Commission (Eurostat) and national statistics, as well from various national and international publications, on which we made calculations and own interpretations.

RESULTS AND DISCUSSIONS

This analysis must be made in parallel with the analysis of absorption level of all allocated funds. From this point of view we notice, on one hand the large volume of Structural and Complementary funds allocated to Romania but as well the low absorption level of these.

The largest lagging behind in terms of absorption rate of EU funds is placed on the total Structural Funds (degree of absorption of 32.77%) and within these the lowest degree of absorption is recorded at OP Environment (26.65%). In general, the Structural Funds Absorption responsibility lies with some central state bodies who proved to be unable or disinterested with this process, as it is the Ministry of Transport for the Transport

Operational Programme, where the degree of absorption is of 31.23% while the need for construction or rehabilitation of road and rail infrastructure is absolutely needed.

The highest percentage of absorption is recorded at the National Rural Development Programme, where accessing the provided amounts was performed by beneficiaries as individuals or legal entities from rural space.

Table 1
Allocations and payments between 2007 and February 2014 (EUR million)

Programme	Allocations EU 2007-2013	Interim payments	
		Amount	%
Operational Programme ‘Transport’	4,565	1,382	31.23
Operational Programme ‘Environment’	4,512	1,176	26.65
Regional Operational Programme	3,726	1,647	41.52
Operational Programme ‘Human Resources Development’	3,476	999	28.75
Operational Programme ‘Increase of Economic Competitiveness’	2,554	930	36.40
Operational Programme Administrative ‘Capacity Development’	208	105	50.59
Operational Programme ‘Technical Assistance’	170	58	33.89
Total of Structural Funds	19,211	6,297*	32.77
National Rural Development Plan	8,124	6,071	74.72
Fisheries Operational Programme	307	68**	26.95
Total complementary funds	8,431	6,139	72.81
Direct payments	7,287	5,920***	84.94
Total general	33,258	18,356	55.19

Source: Ministry of European Funds, Ministry of Agriculture and Rural Development, the Managing Authority for the Operational Programme for Fisheries

* Note: Total payments from public funds of 6,071 million euros, of which 81.12% estimated from EU contribution amounting to 4,925 million euros, returning a degree of absorption of 60.6%

** Note: Total payments from public funds of 77 million euros, of which 80% estimated from EU contribution amounting to 62 million euros in November 2013

*** Estimated amount

Financial allocation and interim payments from the EU on funding programs, including direct payments for agriculture, whose absorption is not subject to preparation of projects or financing process, is suggestively presented in the following chart.

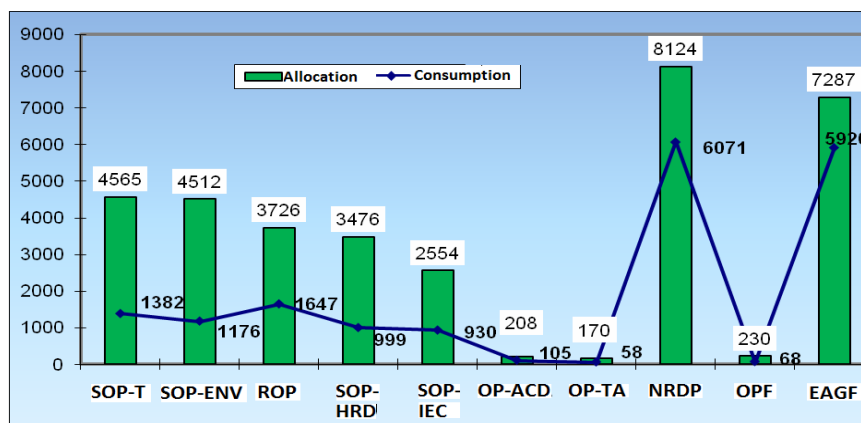


Figure 1. Financial allocation and interim payments from the EU

European Agricultural Fund for Rural Development during the period 2007-2013

For a better documentation on how to run the process of allocation and use of financial resources under the European Agricultural Fund for Rural Development, we have conducted an analysis of priorities based on types of activities, as follows:

- agricultural activities;
- food industry;
- non-agricultural activities;
- rural infrastructure;
- other activities (leader, etc.).

Given the regrouping of the measures in the summary table (Table 2) we can notice that for financing agricultural activities there are allocated 5,646.1 million euros representing 55.16% of the total European Agricultural Fund for Rural Development, followed by rural infrastructure by 17%, food industry by 12%, non-agricultural activities by 9% and other activities by 6%.

From the point of view of effective use of allocated amounts, there can be seen that for financing agricultural activities 3,765.2 million euros were used, amount representing 63.89% of total payments made, with an absorption rate of 66.68%. We also note that for rural infrastructure there have been allocated 16.86% of the EAFRD, the amount used represents 21.35% of total payments with an absorption rate of 72.89%. The other activities record a percentage of achievement below the allocation percentage, with much lower absorption rates.

Table 2

Situation summary of allocations and payments from EAFRD, between 2007 and February 2014

ACTIVITY	Allocation mill. euro	Percentage of total EAFRD allocated	Payments made mill. euro	Percentage of total EAFRD achieved	Degree of absorption %
I. AGRICULTURAL ACTIVITIES	5646.1	55.16	3765.2	63.89	66.68
II. FOOD INDUSTRY	1177.5	11.50	273.4	4.64	23.21
III. NON-AGRICULTURAL ACTIVITIES	920.1	9.00	295.3	5.01	32.09
IV. RURAL INFRASTRUCTURE	1726.1	16.86	1258.2	21.35	72.89
V. OTHER ACTIVITIES	765.2	7.48	301.4	5.11	39.38
TOTAL GENERAL	10235.0	100.00	5893.5	100.00	57.58

EAFRD allocated to Romania for the period 2014-2020

Through the new financial package for the budget cycle 2014-2020, there are allocated financial resources to support the RDF in the amount of 8015 million euros (EU Regulation no. 1306 of 17 December 2013 regarding the support for rural development), to which is added the national contribution.

By carrying out the grouping of funding measures by activity types on the same basis as in the analysis EAFRD 2007-2013, within a summary table we find the followings (table 4):

Table 4
Situation summary of allocations from RDF, during the period 2014-2020 (mill euros)

ACTIVITY	The amount allocated from the EU budget	National contribution 20% (estimated)	Total	%
I. AGRICULTURAL ACTIVITIES	5245.8	1049	6294.8	65.45
II. FOOD INDUSTRY	469.0	94	563.0	5.85
III. NON-AGRICULTURAL ACTIVITIES	250.0	50	300.0	3.12
IV. RURAL INFRASTRUCTURE	1100.6	220	1320.6	17.73
V. OTHER ACTIVITIES	949.6	189	1138.6	11.85
TOTAL GENERAL	8015.0	1602	9617.0	100.00

In order to identify the correlations between the amount intended for the activities within NRDP 2007-2013 and NRDP 2014-2020, we proceeded to analyze on each activity the correlations between the amounts allocated in the period 2007-2013, the achievements on 27th February 2014 from the budget of 2007-2013 and the amount proposed for the period 2014-2020.

I. AGRICULTURAL ACTIVITIES

From the comparative analysis of the data presented it is found that in the case of agricultural activities, where the absorption rate is 66.68%, the proposed allocation for the period 2014-2020 is 6,294.8 euros -which represents 65.45% of total RDF proposed, with 10.29 percentage points above the level of previous financial year. The level of allocation is justified on the condition that is not affecting the amount intended for other activities especially those for non-agricultural ones.

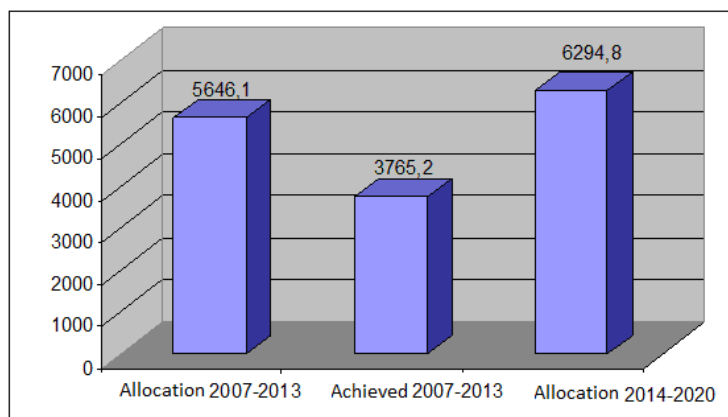


Figure 2. Amounts intended for agricultural activities

II. FOOD INDUSTRY

Food industry activity for which is allocating the amount of 563 million euros representing only 47.81% of the allocated level in the previous period is one of very poorly funded activities although the need to develop associated to other non-agricultural activities is particularly necessary. Increasing the living standard in rural areas can not be achieved without a diversification of activities especially since it increases the degree of

agricultural holdings consolidation which causes a pronounced process of labor redundancy that should be absorbed within other activities.

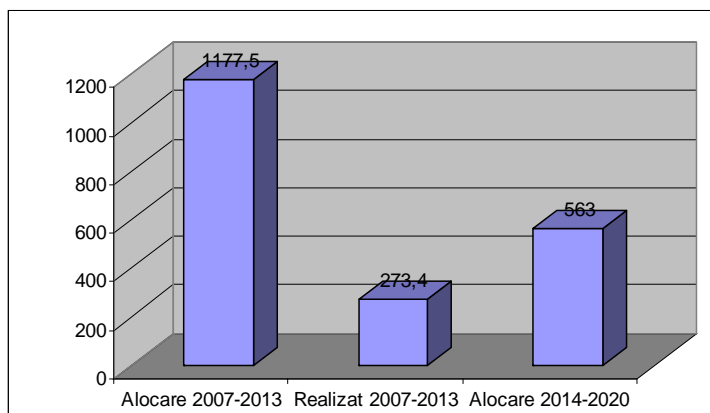


Figure 3. Amounts intended for food industry activities

III. NON-AGRICULTURAL ACTIVITIES

The lowest level of allocation is found in non-agricultural activities for which is proposed an amount of 300 million euros, representing only 32.6% of the amount allocated in the previous period. The possible reason of this situation is based on the low absorption rate of the period 2007-2013, still is not fully justified. We consider that the development of non-agricultural activities is absolutely necessary and desired by rural residents, but conditioned by infrastructure development, especially of roads now impassable, which depends on local authorities and government.

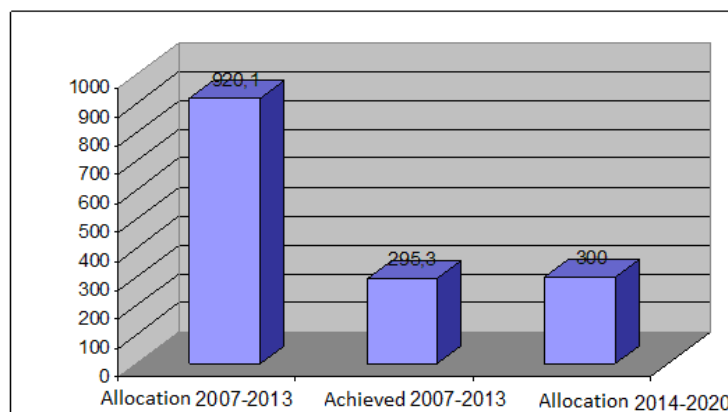


Figure 4. Amounts intended for non-agricultural activities

IV. RURAL INFRASTRUCTURE

In the case of rural infrastructure, although the achieved degree was the highest degree of absorption of 72.89%, the amount allocated for the budget year 2014 to 2020 is lower than in the previous year to 405.5 million euros.

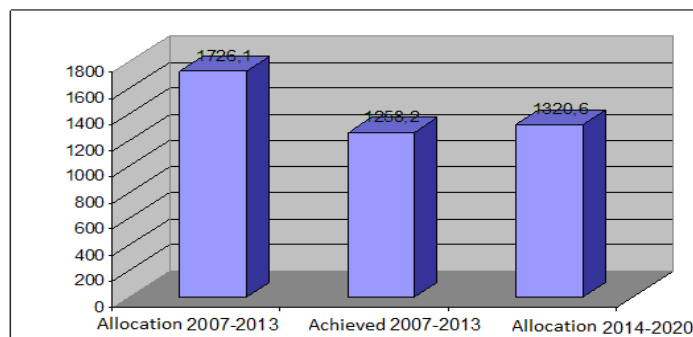


Figure 5. Amounts intended for rural infrastructure activities

V. OTHER ACTIVITIES

The largest increase in the amount allocated is found in "other activities" (leader, technical assistance and other outstanding commitments) for which it has been allocated an amount of 1138.6 million euros, representing 148.8% of the previous level even if the absorption rate achieved in February 2014 was of 39.38%. We consider that this level of allocation reduces the resources that should be devoted to other activities.

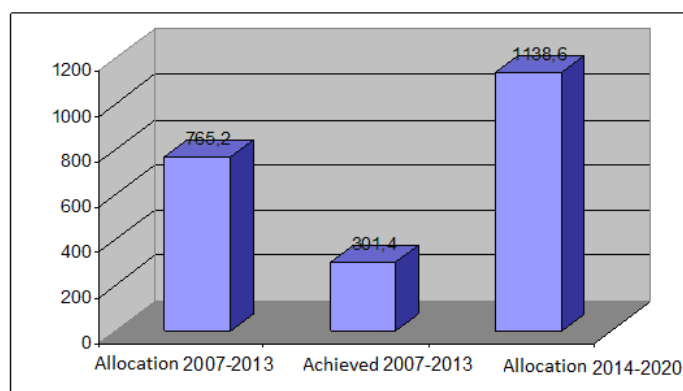


Figure 6. Amounts intended for other activities

In terms of structure shares generated by the amounts allocated within the period 2007-2013, the achievements on 27th February 2014 from the budget for 2007-2013 and the proposed amount for the period 2014-2020, the situation reflecting the analyzed activities is as follows (Figure 7):

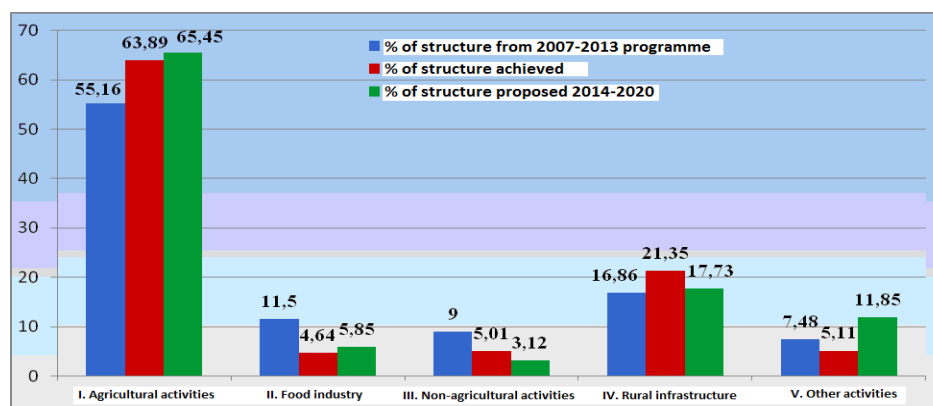


Figure 7. Share of activities from total

CONCLUSIONS

The National Rural Development Programme, the level and structure of financial resources proposed for the completion of this program can not meet the need of development of the Romanian countryside.

Although the RDF records the highest degree of absorption, compared to structural funds allocated to Romania in the period 2007-2013, the allocation of European funds for the new financial year 2014-2020 is below the previous one.

The allocation of financial resources by types of activities was not based on extensive studies, correlated with other factors of conditionality related to the need to develop rural space.

The need to create new jobs through diversification of activities and improvement of living conditions in rural areas should be an absolute priority throughout the process of planning activities and allocation of financial resources.

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