

## MEASURES TO SUPPORT AGRICULTURE IN THE PERIOD 2014-2020

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### *Abstract*

*In this paper are presented the priorities for the Romanian agricultural sector for the period 2014 – 2020. European Union has allocated important funds for the Romanian rural that account more than 8 billion Euro. The most important priorities are increasing competitiveness of the agro-food sector through investments, diversification of economy in the rural area as well as sustainable rural development.*

*Key words:* direct payments, efficiency, rural development

### INTRODUCTION

In the period 2014 – 2020, the Romanian sector benefits for funds for rural development. Rural development represents one of the major priorities for European Union in this period and for Romania the strategy is represented by the National Rural Development Programme (NRDP).

In the NRDP 2014-2020 there are some measures that highlight the directions for the development of the Romanian agriculture. The focus of the interventions is to maximize the impact of the proposed measures, together with the ways of accessing them and solving the structural problems in the case of agricultural holdings.

Regarding competitiveness, we can still notice major gaps in comparison with other EU countries, especially in the field of labour productivity. [1]

As mentioned in the NRDP, increasing competitiveness of Romanian agriculture involves a set of measures, such as: [2]

- investment in new assets and farm modernization as well as the creation of secondary or alternative irrigation systems;
- orientation of investments in infrastructure in the fields of agriculture and forestry (roads, installations for energy obtained from renewable resources, facilities for water collection and treatment);

- aid for young farmers in setting up agricultural holdings;
- supporting the transfer of knowledge in agriculture, forestry, as well as in rural areas;
- establishing and strengthening relations between the agri-food and forestry sectors and research and innovation;
- the pursuit and determination of risks in the agricultural sector;
- implementation of agri-environmental and climate measures aimed at promoting the agricultural practices necessary for the preservation of the environment;
- supporting the value losses caused by the practice of methods and techniques appropriate to ecological crops;
- support for areas with natural hardship or other specific constraints;
- promotion of afforestation actions and the realization of forested areas;
- actions related to the construction of communal roads, water supply, sewerage networks;
- supporting non-agricultural activities in rural areas;
- support for the realization of investments in assets, aimed at processing, marketing of agricultural products.

Sustainable management of natural resources, as well as climate change, is another objective of intervention, actions to be directed towards the restoration and conservation of ecosystems that are closely related to agriculture and forestry. In 2014-2020, the

NRDP provides for measures to protect biodiversity, prevent soil erosion by erosion and improve water management. [3]

Finally, another major objective of balanced development is the fight against the poverty line, which has reached 40%, through the economic development of poor areas and the expansion of social inclusion. To achieve these goals, the 2014-2020 NRDP has more than 8 billion euro of EU funding, through the EAFRD.

## MATERIALS AND METHODS

A series of data have been used in this paper from various of sources like ministry of resort, using data regarding direct payments as well as 2014 – 2020 European funds for rural development.

## RESULTS AND DISCUSSIONS

In the actual period, 2014 – 2020, the Romanian agricultural sector benefits of European funds for rural development and for the direct payments. Regarding direct payments, the situation, according to the Multiannual Financial Framework, is presented according to the data in Table 1.

Table 1. Direct payments for Romania (Euro Mil.)

| Indicator        | 2015     | 2016    | 2017    | 2018  | 2019    | 2020    |
|------------------|----------|---------|---------|-------|---------|---------|
| SAPS (mil. Euro) | 1,600.0  | 1,772.5 | 1,801.3 | 1,872 | 1,903.2 | 1,903.2 |
| Total 2015-2020  | 10,853.0 |         |         |       |         |         |

Source: MARD, Multiannual Financial Framework

In addition to the amounts presented, there are also those relating to the financing of market measures on export as well as those relating to the promotion of agricultural products on the markets of other third countries.

The 2014-2020 NRDP for Romania was accepted by the European Commission in 2015 and supported with financial resources from the European Agricultural Fund for Rural Development (€ 8.1 billion earmarked from the EAFRD budget and € 1.4 billion for national co-financing) as is presented in Table 2.

Table 2. Financial allocations through NRDP 2014 – 2020 (Euro Mil.)

| 2014 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | TOTAL |
|------|-------|-------|-------|-------|-------|-------|-------|
| 0,0  | 1,723 | 1,751 | 1,186 | 1,184 | 1,141 | 1,139 | 8,128 |

Source: Ministry of Agriculture and Rural Development

The total public allocation is broken down into 6 priority actions for rural development, as mentioned in the 2014-2020 NRDP: [2]

- Supporting the transfer of knowledge in rural area with 169.28 million Euro;
- Increasing the competitiveness in rural area, the promotion of new agricultural technologies, the sustainable management of forests, amounting to 1,864.16 million Euros;
- Supporting the food chain (production, processing, marketing), animal welfare, risk management, amounting to 995.37 million Euros;
- Restoration, protection and development of agro-forest ecosystems, amounting to 2,813.74 million Euros;
- Promoting efficient resource use as well as supporting an economy based on low-carbon use and agriculture, food and forestry sector to withstand climate change in the amount of 1,025.84 million Euros;
- Supporting social inclusion, reducing poverty and expanding economic activities in the countryside, amounting to 2,563.69 million euros.

For these above-mentioned allocations, by priority, the amount of 209.84 million Euro is added, representing support for the Technical Assistance which is meant to ensure a good implementation of NRDP 2014-2020. These allocations fall within the total funding sources for sustainable and balanced development of Romania. If we refer to rural areas of our country, the EAFRD financial allocations will promote innovation and increasing competitiveness. Persons working in the field of agriculture will benefit from financial assistance for the development or restructuring of businesses and on the other hand diversification of activities will create a favourable environment for reducing dependence on agriculture and will improve the use of the human resource by creating new ones jobs. All these transformations will be

related to the efficient use of the Romanian rural resources.

Regarding the co-financing of agricultural programs, financially supported by the EU, the State Budget contribution amounts to 1,704.6 million Euro.

Over the 2014-2020 period, Romania received 22.4 billion Euro of funds through Cohesion Policy, which adds up to 106 million Euro in youth employment.

The amounts earmarked for the European Fisheries and Maritime Affairs Fund amount to about 168 million Euro. Taking into account the challenges that Romania faces, the thematic objectives in their entirety will be supported. However, Romania allocates 51.2% of the ERDF funds to priority sectors such as: research and development, competitiveness, and carbon reduction, with a higher 5.5 billion euro than the minimum required. Similarly, major funds are geared towards the carbon economy, amounting to 3.25 billion euros, which means 30% of ERDF support.

The share of structural funds reaches 30.8%, which is about 4.8 billion euros, a 23% share for social inclusion and poverty alleviation, higher than the 20% threshold. EAFRD resources (39% of total allocations) are largely geared towards biodiversity, land use and climate change support in agro-forestry.

The area of Romania, with the exception of Bucharest-Ilfov region, belongs to the category of less developed regions. The policy for rural development is funded with the support of the EAFRD, which has a budget of 100 billion Euro for the 2014-2020 period. Each member state has allocated a part from the financial package for the 2014-2020 period. These financial packages will mobilize in the Member States another 61 billion Euros of public funds.

Within the EU's 28 countries, 118 rural development programs are being carried out during this period: 20 countries have a single national program and 8 have chosen to apply two or more programs.

**Rural development and the European investment strategy**

Starting in 2014, Member States establish a partnership that requires the coordination of all European Funds in that country.

The European Commission's budget for rural development amounts to 386.9 billion Euro, broken down as follows:

- Pillar I - Direct payments to farmers (EAGF), amounting to 281.8 billion Euro;
- Pillar II - Rural Development (EAFRD), amounting to 89.9 billion Euro;
- Food Safety, amounting to 2.2 billion Euro;
- Needless people, 2.5 billion Euro;
- Crisis reserves in the agricultural sector, amounting to 3.5 billion Euro;
- The European Globalization Fund, amounting to about 2.5 billion Euro;
- Research and innovation, amounting to 4.5 billion Euro.

For the period 2014-2020, Romania will be allocated by the EU with European non-reimbursable European funds totalling EUR 39.88 billion.

The National Rural Development Program 2014-2020 is a program covering the territory of our country, consisting of 61.3% agricultural land (about 14.6 million hectares, of which 64.2% represents arable land, 32.9% are pastures and natural hay and 2.7% busy with plantations of trees and vines); 28.3% of the land occupied by forests and forest vegetation; 10.4% is the area of the localities, the one occupied by water, roads, railways and non-productive land.

By surface size, Romania falls within the category of average countries within the EU. Romania's territory has 5 bio-geographic regions from the 11 of Europe. About 87.1% of the country's surface is the rural area, made up of communes (with component villages), where 45% of our country's population lives. The distribution is balanced on geographical areas as follows: 33% is the plain area, 37% is considered the hilly area and 30% is the mountain area.

## CONCLUSIONS

At European Union level, the financial allocation of European funds for rural development for the period 2014-2020 covers 43% for ecosystems in agriculture and

forestry; 20% for increasing competitiveness; 15% for promotion of social inclusion; 10% for organization of the agro-food chain; 9% for promoting resource efficiency and 3% for technical assistance to the program.

In Romania, the largest financial allocations are for environmental measures, about 29.78% of the total funds are for afforestation and forestry curtains, agri-environment and climate measures, measures for organic farming, and for the delimitation of areas facing natural constraints.

Regarding the measures for increasing the competitiveness of the agri-food sector, we find that they account for about 35%, representing investments in fixed assets, financial support for young farmers, for processing, marketing of agricultural products and investment for agricultural infrastructure.

A newly introduced measure is the one on agricultural risk management, for which about 2.3% of the total funding is allocated.

The LEADER measure benefits from significant increases in the funds allocated over the period 2007 - 2013. The measure benefits from 624 million Euro, representing about 7.7% of the total funds.

In essence, we can state that Romania has set its priorities through the financial allocation of the NRDP 2014-2020, following the efficient allocation of national and European budget funds. In the next period, it is very important to use all of them efficiently.

## REFERENCES

- [1]Istudor, N., 2006, Dezvoltarea rurală și regională a României în condițiile integrării în Uniunea Europeană, ASE Publishing, Bucharest, pp.84
- [2]National Rural Development Programme 2014 – 2020.
- [3]Sponte, M., 2017, Evaluarea efectelor măsurilor de susținere a agriculturii din România finanțate din fondurile bugetare, PhD thesis, pp.173