

EUROPEAN FUNDING WITHIN SUB-MEASURE 6.1. CASE STUDY APPLIED IN HUNEDOARA COUNTY, ROMANIA

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Abstract

In the 15th edition of the NRDP, more than 12 billion Euro were allocated for the development of the rural environment in Romania, of which 3.68% went to Sub-measure 6.1 "Support for setting-up young farmers". The document shows the amount allocated to this section, the number of funding applications submitted and selected, funding contracts/decisions completed and terminated, and disbursements through January 26, 2023. At country level, the uptake of funds related to Sub-measure 6.1 was very good, with 434 million Euro disbursed out of an allocation of 467 million Euro, resulting an absorption rate of 92.98%. The purpose of the paper is to identify the projects that were implemented in Hunedoara county, through NRDP 2014-2020 and Transition 2021-2022, Sub-measure 6.1. Hunedoara is located in the West Region and has a predominant mountainous area, suitable for the development of animal husbandry, but at the same time it is ranked second, following Bucharest, in terms of urbanization degree.

Key words: Sub-measure 6.1, European funds, young farmers, Hunedoara county

INTRODUCTION

NRDP (National Rural Development Program) 2014-2020 was approved by the European Commission on 15 May 2015 and was later amended several times, so that the last version, the 15th, was signed on 16 September 2021. NRDP included a development plan of rural areas in Romania, for which 9,363 billion Euro were made available, of which 8,015 billion Euro from EAFRD (European agricultural fund for rural development) and 1,347 billion Euro from national contributions. Initially, 14 Measures were financed, and the period in which it was carried out was 7 years [10].

Two more years have been added to the mentioned period, which correspond to the transition period to the New CAP 2021-2022. The NRDP budget for the transition period 2021-2022 was 3.26 billion Euro, of which 2,569.10 million Euro - EAFRD 2021-2027 multiannual financial framework funds and 692.09 million Euro - EURI funds (European Union Recovery Instrument). From this fund,

Sub-measure (Sm) 6.1 received 100 million Euro [16].

Table 1 shows the implementation of NRDP 2014-2020 on January 26, 2023. The total allocated according to the 15th edition of the NRDP 2014-2020 is 12,699 million Euro, of which 3.68% were allocated to Sm 6.1 "Support for setting-up young farmers" 2014-2020 - for the national level; 0.08% for Sm 6.1 - ITI (Integrated Territorial investments) Danube Delta - only for projects implemented on the Danube Delta ITI territory and 0.79% for Sm 6.1 - Next Generation EU (EURI) - opened in the Transition period 2021-2022 and supported by EURI funds. The payments made on the date of presentation of the report represented 5.09%, 0.10%, respectively 0.80% of the total - in order for the three Sub-measures mentioned above. It should be emphasized that out of a total of 50,927 completed financing contracts / decisions, approximately 20% were for Sm 6.1 related to the 2014-2020 period.

Table 1. Stage of implementation of Sub-measures 6.1 (NRDP 2014-2020 and Transition 2021-2022) on 26.01.2023, Euro

Sub-measure	NRDP public allocation Version 15.0 2014-2020	Funding applications submitted		Selected funding applications		Contracts / Funding decisions						Payments made
						Contracts / Ongoing and completed funding decisions		Contracts / Funding decisions completed		Contracts / Funding decisions terminated		
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	
TOTAL	12,699 million	111,529	12,436 million	74,611	7,039 million	70,751	6,378 million	50,927	2,998 million	1,062	188 million	8,533 million
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
6.1	467 million	15,143	623 million	10,878	446 million	10,734	440 million	10,017	411 million	68	2.7 million	434 million
	3.68% share	13.58% share	5.01% share	14.58% share	6.34% share	15.17% share	6.91% share	19.67% share	13.72% share	6.40% share	1.48% share	5.09% share
6.1 - ITI Danube Delta	10 million	233	9.5 million	204	8.3 million	201	8.2 million	197	8 million	0	0	8 million
	0.08% share	0.21% share	0.08% share	0.27% share	0.12% share	0.28% share	0.13% share	0.39% share	0.27% share	0.00% share	0.00% share	0.10% share
6.1 – Next Generation EU (EURI)	100 million	4,277	199 million	2,130	100 million	2,057	96 million	0	0	2	140,000	69 million
	0.79% share	3.83% share	1.60% share	2.85% share	1.42% share	2.91% share	1.51% share	0.00% share	0.00% share	0.19% share	0.07% share	0.80% share

Source: own calculation and approximation, after [15].

Other Sub-measures that had a high percentage of completed financing contracts / decisions were: Sm 6.3 "Support for the development of small farms" - 25.25% (12,859 contracts / decisions) and Sm 17.1 "Crop, animal and plant insurance premium" – 29.24% (14,890 contracts / decisions) [15]. At the national level, the amount of payments made for Sm 6.1 2014-2020 represented 92.98% of the total allocated. For the exchange of generations in agriculture, for new ideas and approaches that lead to the

revitalization of the Romanian rural space and its economic development, NRDP has made available funds addressed to young people (people over 18, but who have not turned 41 at the time of submitting the application) for the development of agricultural and non-agricultural businesses. According to AFIR (Agency for Financing Rural Investments) [2], at national level 19,230 young farmers accessed funds for agriculture, both in the mountain area (20%) and in the rest of the territory (80%) – Figure 1.

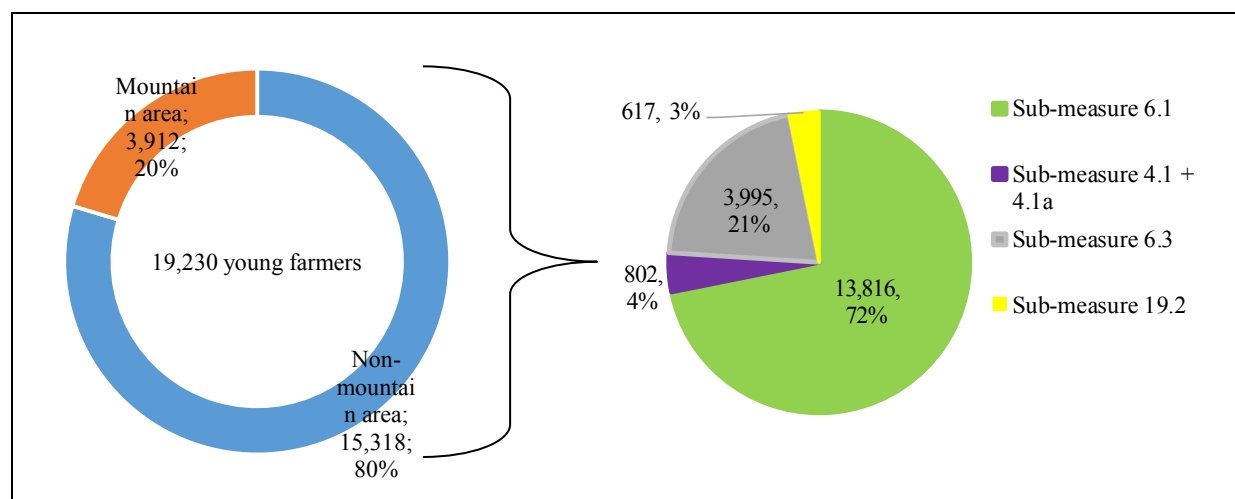


Fig. 1. The number of young people financially supported by NRDP 2020 and Transition 2021-2022

Source: own representation according to [2].

From Figure 1 we can observe that the most frequently accessed Sub-measures are: 4.1 "Investments in agricultural holdings" and 4.1a "Investments in fruit-growing holdings",

6.1, 6.3 "Support for the development of small farms" and 19.2 "Support for implementation of operations under the Community-led local development strategy". Most young people

chose the Sm 6.1 (13,816 people), followed by the Sm 6.3 (3,995 people).

The contribution of Sm 6.1 is to encourage young people to work in the agricultural sector (vegetable or livestock sector), work as managers/administrators and settle in the countryside [13].

At the same time to support young farmers who access Sm 6.1, financed through Pillar I of the CAP, accessible to all eligible farmers, also worked. They benefited from this support after setting up on the farm and it consisted in granting an annual payment per hectare [5].

Young people from rural areas represent a vulnerable group and this support measure is necessary to attract them to the agricultural sector. Thus, it can serve as a prerequisite to grow the level of farmers' education by the professional training courses they benefit from, but also as a tool to preserve the population in the rural area and stop the exodus from village to city, which represent a threat to EU agriculture [6, 14].

Sm 6.1 was one of the most accessed in the NRDP. According to Cuc et.al., the funds were exhausted in the first 5 days after the opening of the sessions and this type of funding will continue in the new National Strategic Plan 2023-2027 [9]. In the context of young people's interest in the funds available for rural businesses development, this paper aims to identify how many projects were implemented in Hunedoara County through Sm 6.1 of the NRDP 2014-2020 and Transition Period 2021-2022.

MATERIALS AND METHODS

In this study, a bibliographic approach was used to analyse the uptake of funds allocated to Sm 6.1 at the Hunedoara county level. Available data from MADR (Ministry of Agriculture and Rural Development), NRDP, AFIR and websites was used, from which information was extracted regarding publicly allocated funds, the number and amount of submitted and selected funding applications; the number and value of funded and terminated contracts and the amount of payments made. Also, documents related to the mountain area and the national territory

were studied, such as: final and monthly selection reports, errata for these reports, ancillary reports assessing eligible projects challenged in Court and declared eligible following Court decisions, appeal reports out of which only declared projects are drawn for funding.

In the case of the documents referring to the Danube Delta ITI, only general data were extracted, without analysing the projects broken down by year, since there is a distinct allocation for this area.

An important element in this analysis is the interpretation of the data represented in tabular and graphical form.

RESULTS AND DISCUSSIONS

Located in the central-western part of Romania, Hunedoara County is part of the West Region (Map 1).



Map 1. Hunedoara county map and location
Source: [4, 11].

The relief is predominantly mountainous (68% of the county's area), and the agricultural area of approximately 280,350 ha is distributed as follows: pastures, hayfields, arable land, vineyards and vine nurseries, orchards and fruit nurseries.

Animal husbandry is also a local occupation, cattle, pigs, sheep and goats are found here [8].

Table 2. The administrative division of the territory of Hunedoara County

Specification	Number
Municipalities and cities	14
- municipalities	7
- communes	55
- villages	457
of which: villages belonging to municipalities or cities	42

Source: [4].

It is considered that, after the capital Bucharest, Hunedoara county has the highest degree of urbanization in the country (75%), where municipalities, cities, communes and

villages meet (Table 2). At the last agricultural census, 59,571 agricultural holdings were registered in Hunedoara county, of which 58,853 were without legal personality and 718 with legal personality. The 718 holdings with legal personality were structured as follows: an autonomous management, 5 agricultural associations, 273 companies with majority private capital, 3 companies with majority state capital, 70 public administration units, 3 cooperative units and 363 other types [12]. In Hunedoara County there are 69 Territorial Administrative Units. Of these, 45 are in the Mountain Zone and three are classified as Areas with significant constraints, as shown in Table 3.

Table 3. Hunedoara county Territorial Administrative Units list

N o	Territorial Administrative Units	Areas with constraints	N o	Territorial Administrative Units	Areas with constraints
1	Băcia	Areas with significant constraints	36	Brad Municipality	Mountain zone
2	Baia De Criș	Mountain zone	37	Deva Municipality	
3	Băița	Mountain zone	38	Hunedoara Municipality	
4	Balșa	Mountain zone	39	Orăștie Municipality	
5	Bănița	Mountain zone	40	Petroșani Municipality	Mountain zone
6	Baru	Mountain zone	41	Aninoasa city	Mountain zone
7	Bătrâna	Mountain zone	42	Călan city	
8	Beriu	Mountain zone	43	Geoagiu city	Mountain zone
9	Blăjeni	Mountain zone	44	Hăteeg city	
10	Boșorod	Mountain zone	45	Petrița city	Mountain zone
11	Brănișca		46	Simeria city	
12	Breteia Română		47	Uricani city	Mountain zone
13	Buceș	Mountain zone	48	Orăștioara De Sus	Mountain zone
14	Bucureșci	Mountain zone	49	Pestișu Mic	
15	Bulzeștii De Sus	Mountain zone	50	Pui	Mountain zone
16	Bunița	Mountain zone	51	Răchitova	Mountain zone
17	Burjuc		52	Rapoltu Mare	Mountain zone
18	Cârjiți	Mountain zone	53	Râu De Mori	Mountain zone
19	Cerbăl	Mountain zone	54	Ribița	Mountain zone
20	Certeju De Sus	Mountain zone	55	Romos	
21	Crișcior	Mountain zone	56	Sălașu De Sus	Mountain zone
22	Densuș	Mountain zone	57	Sântămăria-Orlea	Mountain zone
23	Dobra		58	Sarmizegetusa	Mountain zone
24	General Berthelot		59	Șoimuș	
25	Ghelari	Mountain zone	60	Teliucu Inferior	
26	Gurasada		61	Tomești	Mountain zone
27	Hărău		62	Toplița	Mountain zone
28	Ilia		63	Totești	Areas with significant constraints
29	Lăpugiu De Jos		64	Turdaș	
30	Lelese	Mountain zone	65	Vălișoara	Mountain zone
31	Lunca Cernii De Jos	Mountain zone	66	Vața De Jos	Mountain zone
32	Luncoiu De Jos	Mountain zone	67	Vețel	Mountain zone
33	Mărtinești	Areas with significant constraints	68	Vorța	Mountain zone
34	Lupeni Municipality	Mountain zone	69	Zam	
35	Vulcan Municipality	Mountain zone	-	-	

Source: [3].

Thus, 65.21% of the county's Territorial Administrative Units are in the mountain area, a very important element for accessing European funds through Sm 6.1, due to the distinct allocation for this field in sessions for 2015, 2016 and 2017. The distinct allocation was very important due to the selection criteria, in particular to the PS4 criterion “The principle of the agricultural potential of the area”, because most of the areas in Hunedoara county are classified at medium or low potential. Due to this, the projects in the mountain area had difficulty competing with projects from areas with high potential. However, for the animal husbandry sector point of view, the mountain/hill area is favourable for animal husbandry, so that areas with medium or high potential are rich, especially in milk cattle.

The West Region, of which Hunedoara County belongs, had a degree of absorption of European funds through Sm 6.1 out of 15% of the total in the country. In the counties ranking, Hunedoara was 10th with the number of projects above the country's average of about 192 projects [7] – Table 4.

Table 4. Detailing the selected projects for funding in Hunedoara County

Year \ Area	2015	2016	2017	2018	2020	2021	Total
Non-Mountain	18	15	6			16	55
Mountain	38	128	116			3	285
Mixed				3	3		6

Source: own calculation after [15].

The number of projects selected for funding through mountain area allocations far exceeds the number of projects selected through non-mountain allocations - Table 4. Nationally, Hunedoara County ranks 2nd for the total number of projects selected in the mountain area, immediately after Bistrița - Năsăud county and before the counties Bihor- 3th place, Caraș - Severin 4th and Cluj 5th [7]. During the sessions for the submission of projects for the years 2015 and 2016, the applicants from the mountain area of Hunedoara county enjoyed a longer period of project deposits, with several stages of selection and lower quality thresholds than in non-mountain area. In 2017, the number of

stages of financial appropriation for mountainous areas and non-mountainous areas was the same, financial appropriation for mountainous areas being slightly faster.

In the application process of 2018 and 2020, the number of selected projects has dropped significantly, whether compared with previous years or with projects funded by other counties in the same period.

Among the main reasons for lowering the number of selected projects for financing are:

- Mixed allocation of funds, without distinct allocation for the mountain area,
- The high quality threshold from which the projects started to submit,
- the amount of money allocated to these sessions, significantly lower than the amount allocated in the previous sessions.

In 2021 the projects for the Non-mountain area predominated.

From the analysis of 214 financing files selected in the period 2015-2018 [1], submitted for the applicants from Hunedoara County, we have extracted the following information about applicants' educational level and the main purchases made by projects:

- The most common investment was the purchase of a tractor along with a minimum of a machine,
- Another purchase represented a lower capacity machine, either for the tractors they already had, either small motorized motor machines such as sewing, digging etc.
- Of the total of 214 analysed files, 3 applicants had higher education in the agricultural field and 2 high school studies in the agricultural field,
- The other applicants either had a recently obtained qualification diploma, waiting for the financing request or they were going to take a specialized course until the second instalment of money.

CONCLUSIONS

Benefiting from a public allocation of 467 million Euro, Sm 6.1 attracted 10,017 farmers to start an agricultural business and absorbed 92.98% of the allocated amount.

Sm 6.1 was very successful among young people, being the most accessed. Moreover, the funds were exhausted within 5 days of the opening of the project reception sessions, and the percentage of completed Contracts / Financing Decisions approached 20% of the total. Other Sub-measures for which young people applied were: 4.1, 4.1a, 6.3 and 19.2.

Concerning the number of projects financed through the Sm 6.1, which exceeded the national average, Hunedoara County ranked 10th. Because it is a county with a predominantly mountainous relief, the largest weight went to the projects submitted for the mountainous area with a distinct allocation. Nationally, the number of selected projects in the mountainous area of Hunedoara County ranks second at the country level. Compared with previous years, and compared with other regions, the number of selected projects has decreased, mainly in the following aspects: mountainous areas are no longer allocated funds separately; the quality threshold for project submissions is very high; less funds are allocated to project receptions. Since Sm 6.1, which supports rural development, is popular within young farmers, there is a need to continue funding such projects.

At the same time, new forms of maintenance and development of holdings established in previous programs must appear, as well as other forms of support (subsidies).

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