

**ANALYSIS OF FINANCIAL INSTRUMENTS THE BASIS SUPPORT
THE DEVELOPMENT OF RURAL AREAS
AND FISHERIES SECTOR, ROMANIA DURING 2007-2013**

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Abstract:

This study presents funding opportunities to support investment and rural development and fisheries sector. Adoption of the national program and rural development as a strategic document for implementing European programs meant for rural Romania assumption of an intervention model is based on a medium-term strategy on the development of the village world.

The work is based on the analysis of official documents indicating alignment programs of intervention policies in the field and on their analysis of available data that refers to the current state of implementation of programs referring to Romanian rural development.

Given that the Common Agricultural Policy (CAP) budget for 2014-2020 is higher than the amounts allocated for the 2007-2013 program, consider that in determining the coordinates of financial allocation for the next year must take into account the problems encountered in previous period to eliminate them, because the efficiency of the implementation of funds to support rural development objectives depends largely on rural transformation internally and reducing disparities in the regions and communities, and externally in relation to Member States of the European Union .

Cuvinte cheie: *national program of rural development, operational program for fisheries, The Common Agricultural Policy*

Clasificare JEL: *Q0, Q1*

1.Introduction:

The current state of the countryside appears, on the one hand as a direct result of the national economic difficulties made the transition, and on the other hand has its origins in the village in the communist world coordinates. Urbanization and industrialization, coupled with the collectivization of agriculture had the effect of radically changing rural coordinates, enhancing rural situation, so by resizing it and by changing educational and occupational profile of the population.

As the author states Otiman John Peacock, in his work "rural development and settlement issue is one of the most complex issues of the contemporary world, because in essence, require a balance between the requirement of conservation of the countryside in economic terms, ecological and socio-cultural, on the one hand, and the tendency to modernize rural life on the other side. Meanwhile, rural development and land at the confluence of the urban expansion trend, aggressive development industry due countryside and the requirement to maintain as far as possible areas to its current size. Development and rural planning that tend to modernize, has as main objective the maintenance and preservation of the national character of space and rural culture, and where there have been serious physical damage or sociocultural local, regional or national (such as countries former communist and some super industrialized areas of Western Europe) is proposed reconstruction solution or possibly restoring these areas, restoring their sense of rurality standards"¹.

If during the period 1990 - 2000 the Romania cannot talk about the existence of coherent ensembles and effective policy sets for the development of rural areas, this situation changed after 2007, after joining the EU, as a result of EU funding programs. Structural Funds, the Cohesion, in particular amounts for rural areas and the agricultural sector, through all the measures combined in Common Agricultural Policy (CAP) were funding opportunities to support investment and rural development.

CAP is one of the most important tools for implementing European policies support to the agricultural sector by Pillar I (direct payments to producers) and Pillar II rural development (funding national programs of this type). As

¹ *Otiman Păun Ioan, Sustainable Rural Development of Romania in the context of European integration*

the author states in his paper entitled *Marchiș Trends in European CAP: New Opportunities for Romania, in 2007-2013* about 34% of the total EU budget expenditures were directed to the CAP.

The redistribution of each Member State concerned was the result of internal negotiations, assisting in fact a compromise between the interests of states with strong agricultural sector that had significant claims under this program and objectives states receiving lesser extent these funds .

Although CAP has been implemented in the European Union for several decades, though some studies show that financial support schemes should be linked to concrete reality of the Member States. It is noted that financial support schemes modeled farming systems in Western European countries is not a solution for the new member states in Central and Eastern Europe.

EU enlargement has led to increased weights that rural areas and rural people hold in the EU, significantly expanding the categories of potential beneficiaries of funds for agriculture and rural development (EU Poland and Romania became states in terms of weight and occupy the top two positions of the staff at Community level regarding employment in the agricultural sector, without this feature may be correlated with a comparable level of total output achieved).

2. National Rural Development Programs (NRDP):

National Rural Development Programs for Romania is a strategic document for the implementation of European programs for rural areas, which is a model of intervention based on a medium-term strategy on the development of the village world. The RDP was possible to access the European Agricultural Fund for Rural Development (EAFRD) for the period 2007-2013 and RDP management authority is the Ministry of Agriculture and Rural Development of Romania. Programs four priority axis² comprises two independent programs:

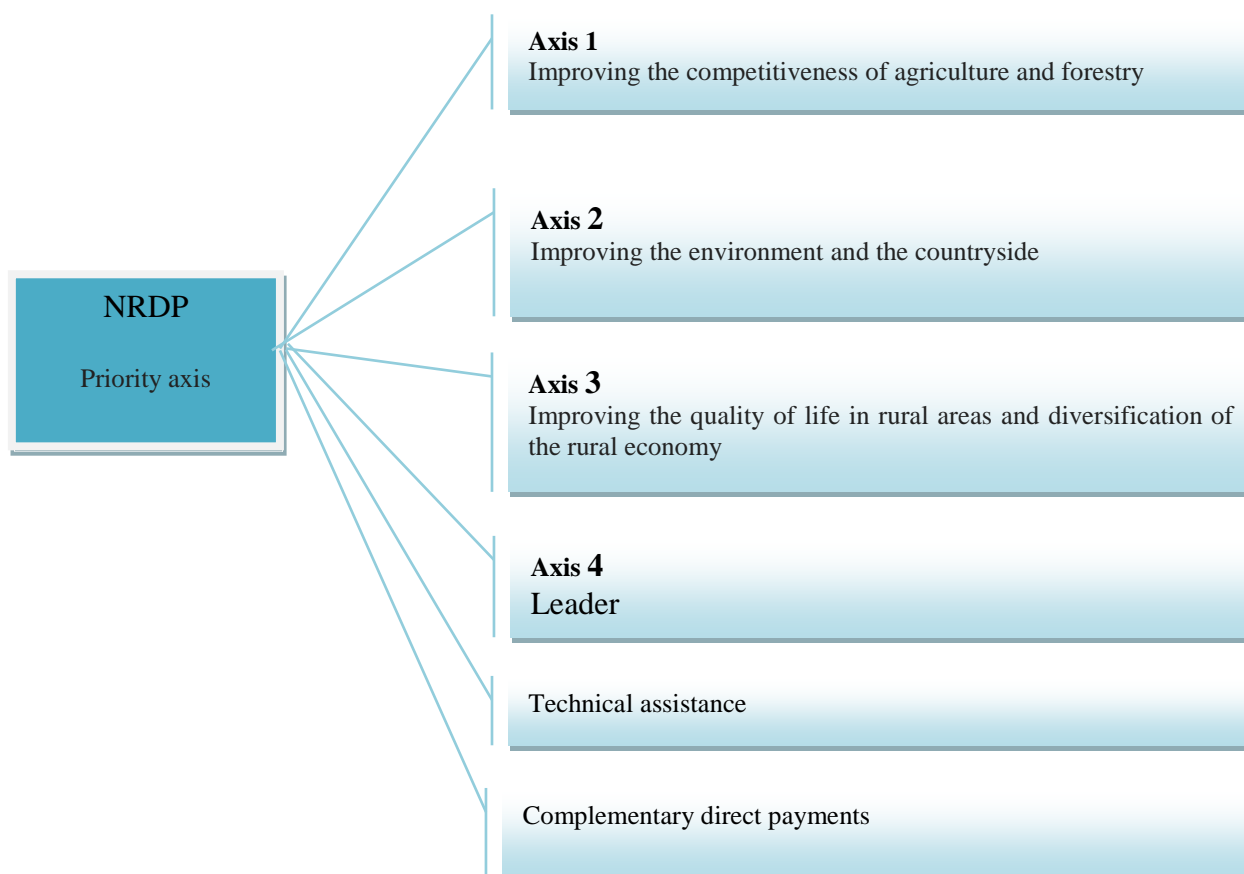


Figura nr. 1 The priority axes and measures to make financial scheme national programme for rural development

NRDP related financial allocations were made by the axes also broken down the different steps³, as follows:

² www.madr.ro

³ www.madr.ro

AXIS 1

Improving the competitiveness of agriculture and forestry

- 111 Training, information and diffusion of knowledge
- 112 Setting up of young farmers
 - 121 Modernisation of agricultural holdings
 - 122 Improving the economic value of forests
 - 123 Adding value to agricultural and forestry products
 - 125 Improving and developing infrastructure related to the development and adaptation of agriculture and forestry
- 141 Supporting semi-subsistence farms
- 142 Setting up producer groups
- 143 Provision of advisory and farmers

AXIS 2

Improving the environment and the countryside

- 211 Support Plateaus mountain areas
- 212 Support for disadvantaged areas, other than mountain
- 214 Agri-environment
- 221 First afforestation of agricultural land

AXIS 3

Improving the quality of life in rural areas and diversification of the rural economy

- 312 Support for the creation and development of micro-enterprises
- 313 Encouragement of tourism activities
- 322 Village renewal and development, improving basic services for the economy and rural population and upgrading of rural heritage

AXIS 4
Leader

- 41 Implementation of local development strategies
- 411 Increasing the competitiveness of agriculture and forestry
- 412 Improving the environment and the countryside
- 413 Quality of life and diversification of the rural economy
- 421 Implementing cooperation projects
- 431 Running the local action group, acquiring skills and animating the territory
- 4311 Building public-private partnerships
- 4312 Operation of Local Action Groups acquiring skills and animating the territory

Although for the moment, it is premature to Mystery Shopping assignment accurately quantify the financial allocations made through RDP for 2007-2013, though there are indications of the impact of these funds for Romanian rural. Thus, the data reported by the Ministry of Agriculture and Rural Development shows different levels of contracting for the measures provided by the RDP, as shown by the data in tables shows 1 to 5.

Table no.1

Status of projects submitted under Axis 1 of the RDP on 21/03/2013

-mil Euros-

	Number of	Number of	Value	Value	Payments
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	projects submitted	projects selected	selected projects	contracts	
111 - Training, information and diffusion of knowledge	-	-		16	12
112 - Setting up of young farmers	22.494	9.760	218	211	149
121 - Modernization of agricultural holdings	7.851	2.333	966	756	427
122 - Improving the economic value of forests	20	20 18	2,5	2,5	-
123 - Adding value to agricultural and forestry products	1.762	751	758	543	216
125 - Improving and developing infrastructure related to the development and adaptation of agriculture and forestry	1.701	465	524	511	85
141 - Support for semi-subsistence farms	88.846	48. 512	363	352	141
142 - Setting up of producer groups	60	49	8,3	6,7	1
143 - Providing advice and consultancy to farmers	-	-	-	12	3,3

Source: www.madr.ro

Table no.2

Status of projects submitted under Axis 2 of the RDP on 21/03/2013

-mil Euros-

	Number of projects submitted	Number of projects selected	Value selected projects	Value contracts	Payments
211 - Support Plateaus mountain areas	-	-	-	-	513
212 - Support for disadvantaged areas, other than mountain	-	-	-	-	275
214 - Agri-environment					956
221 - First afforestation of agricultural land	52	37	3.6	3.1	-

Source: www.madr.ro

Table no.3

Status of projects submitted under Axis 3 of the RDP on 21/03/2013

-mil Euros-

	Number of projects submitted	Number of projects selected	Value selected projects	Value contracts	Payments
312 - Support for the creation and development of micro-enterprises	9.499	3.265	400	348	205
313 - Encouragement of tourism activities	3.703	1.292	217	154	41
322 - Village renewal and development, improving basic services for the economy and rural population and upgrading of rural heritage	3.225	799	1.887	1 710	1 014

Table no.4

Status of projects submitted under Axis 4 of the RDP on 21/03/2013

-mil Euros-

	Number of projects submitted	Number of projects selected	Value selected projects	Value contracts	Payments
41 Implementation of local development strategies	606	229	6,2 mil	6,2	185 mil
4311 Building public-private partnerships	112	111	4,8	5,9	4,8

4312 Operation LAGs acquiring skills and animating the territory	-	-	-	59,8	5,3
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Source: www.madr.ro

Table no.5

Status of projects submitted in Annexes 5 and 6 of the RDP on 21/03/2013

-mil Euros-

	Number of projects submitted	Number of projects selected	Value selected projects	Value contracts	Payments
511 - Technical assistance	-	-	-	5,9	4,2
611 - Complements to direct payments	-	-	-	-	395

Source: www.madr.ro

Analyzing the data presented in the previous tables we see that Axis 1, which is dedicated to improving the competitiveness of agriculture and forestry, high values of contraction, and the opposite is Axis 4 which recorded a level of contracting the programming range below 30%.

According to the data, in Romania, the beginning of 2013, the amounts paid by the RDP outfit the direct beneficiaries of Romania were close to the 50% of the amounts allocated, there is a possibility that by the end of 2015, the amount of available funds absorption is satisfactorily. However if we make a comparison with the initial financial allocation, in 2007, we find that his Name Rank an upward trend in the amounts contracted in each of RDP measures.

Analyzing financial allocations in 2013 we find that the corresponding national co-financing investment projects and measures APIA delegated by APDRP, the National Rural Development Programs is 1,709,770.3 thousand, according to the tables no. 6-7, and the contribution of the European Commission's external grants EAFRD related investment projects is 5,813,219.0 thousand.

Table no.6

Situation related national co-investment projects undertaken by the RDP in 2013

Investment	National co-financing for each of RDP measures
112 - Setting up of young farmers	78.649,7
121 - Modernization of agricultural holdings	39.087,9
122 - Improving the economic value of forests	305,6
123 - Adding value to agricultural and forestry products	50.495,3
125 - Improving and developing infrastructure related to the development and adaptation of agriculture and forestry	178.277,9
141 - Support for semi-subsistence farms	59.463,1
142 - Setting up producer groups	666,7
143 - Providing advisory and farmers	1.630,4
312 - Support for the creation and development of micro-enterprises	26.510,5
313 - Encouragement of tourism activities	20.553,3
322 - Village renewal and development, improving basic services for the economy and rural population and upgrading of rural heritage	580.746,8
41 - Implementation of local development strategies	5.547,2
4312 - Operation LAGs acquiring skills and animating the territory	10.131,3
511- Technical assistance	34.807,2
111 -Training	4.013,7

Source: www.madr.ro

Table no.7

Funding situation by APDRP delegated measures in the RDP PIAA 2013

-mil lei-

Delegated measures	The amount allocated
211 Support for mountain areas	178.964,9
212 LFA support	114.327,4
214 Agri-environment payments	309.536,3
215 Animal welfare	15.612,1

Source: www.madr.ro

3. Fisheries Operational Programs (POP):

European Fisheries Fund (EFF) is the EU's financial instrument for fisheries conducted over a period of seven years with a total budget of about 3.8 billion Euros.

For the programming period 2007-2013 Fisheries Operational Programs has been allocated a budget of EUR 230 645 644 307 527 525, Euro which is the contribution of the EFF.

The institution responsible for conducting the Fisheries Operational Programs is the National Agency for Fisheries and Aquaculture, the purview of the Ministry of Agriculture and Rural Development.

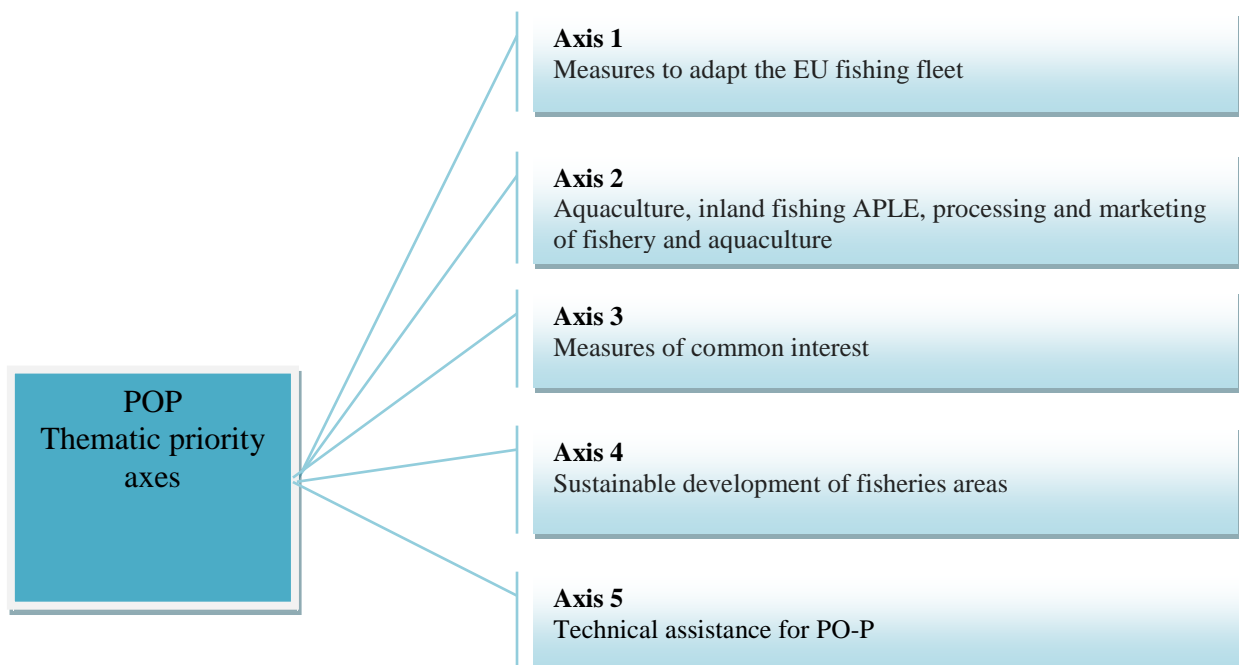
Running Fisheries Operational Programs envisages a series of objectives, both general goals and specific objectives. The general objectives include: increasing the competitiveness of the fisheries sector by adding value, increase productivity, create jobs in the three sub-sectors - Black Sea fleet, aquaculture and inland fishing and processing industry in areas fishery and adjust fishing capacity.

The amount allocated to the Fisheries Operational Programs for the 2007-2013 period was EUR 307,527,525, of which 230,645,644 euro is contributing EFF.

Fisheries Operational Programs was approved by Commission Decision C (2007) 6664 approving the Fisheries Operational Programs Romania, 2007-2013, and was reviewed by Commission Decision C (2010) 7916 of 11.11.2010 amending Decision C (2007) 6664 approving the Fisheries Operational Programs Romania.

Latest revision of the Fisheries Operational Programs 2007-2013 was submitted to the European Commission in October 2013. This version included changes approved financial allocation at its eleventh meeting of the Monitoring Committee made because disengagement 22.354716 amount of euro of the financial envelope of 2010.

Fisheries Operational Programs develops five priority axes⁴, namely:



Picture no. 2 Priority axes and measures to supplement financial scheme National Rural Development Programs

Within each axis includes the following measures:

⁴ www.madr.ro

Axis 1

Measures to adapt the EU fishing fleet

- 1.1 Public support for permanent cessation of fishing activities
- 1.2 Public support for temporary cessation of fishing activities
- 1.3 Investments on board and selectivity
- 1.4 The small-scale coastal fishing
- 1.5 Socio-economic fleet management

Axis 2

Aquaculture, inland fishing APLE, processing and marketing of fishery and aquaculture

- 2.1 Productive investments in aquaculture
- 2.2 Aqua-environmental measures
- 2.3 Public health measures
- 2.4 Measures for Animal Health
- 2.5 Inland Fisheries
- 2.6 Investments in processing and marketing

Axis 3

Measures of common interest

- 3.1 Collective Action
- 3.2 Protection and development of wild fauna and flora
- 3.3 Fishing ports, landing sites and shelters
- 3.4 Development of new markets and promotional campaigns
- 3.5 Pilot projects

Axis 4

Sustainable development of fisheries areas

- 4.1 Selecting Local Groups
- 4.2 Support for cooperation between local groups

Engaging the public financial contribution axes within POP is presented in Table no. 8

Table no. 8

Hiring axes financial contribution under the Operational Programs for Fisheries
the period 2007-2013

-Euros-

Priority axes	Total public contribution	EFF contribution	National contribution
Axa 1	8.296.048	6.222.036	2.074.012
Axa 2	164.958.395	123.718.796	41.239.599
Axa 3	39.988.113	29.991.085	9.997.028
Axa 4	71.970.282	53.977.711	17.992.571
Axa 5	22.314.687	16.736.016	5.578.671
<i>Total</i>	<i>307.527.525</i>	<i>230.645.644</i>	<i>76.881.881</i>

Source: www.madr.ro

If one uses the allocations for the entire period of the program, namely 2007-2013 (table no. 9) we find that in 2010 the amount allocated was only 14,036,752 Euros, with 16,050,919 Euros less than in 2009 and respectively 31,325,549 Euros less than in 2013.

Table no.9

Annual financial allocation for POP

-Euros-

Years	FEP contribution
2007	15.127.527
2008	22.157.050

2009	30.087.671
2010	14.036.752
2011	39.257.052
2012	42.262.575
2013	45.362.301
Total period 2007-2013	208.290.928

Source: www.madr.ro

Graphical representation of annual allocations per time interval 2007-2013 under the Fisheries Operational Programs is as follows:

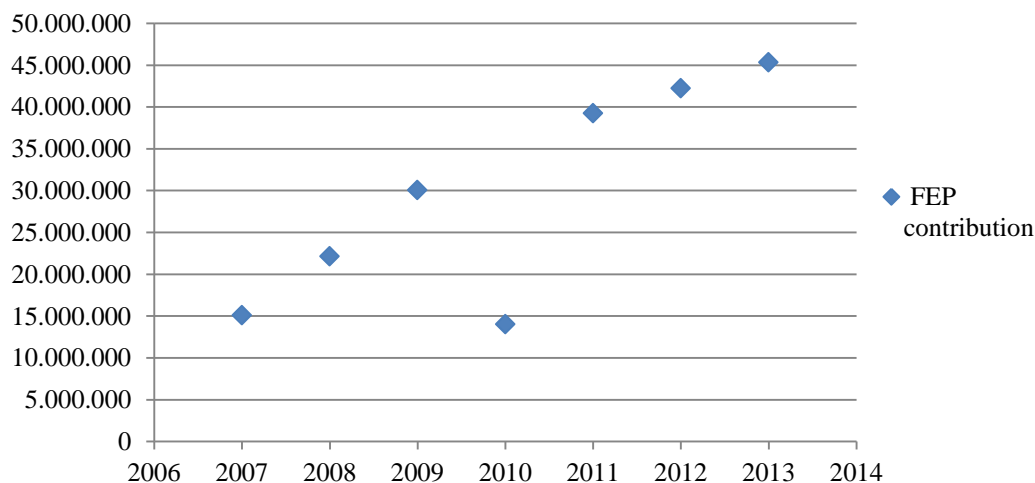


Chart no. 9. Annual financial allocation for 2007-2013
Operational Programs for Fisheries

Specific objectives may include the development competitiveness and sustainability of primary fisheries sector, fisheries sector market development for products, support sustainable development of fisheries areas and improving the quality of life in these areas.

Analyzing financial allocations in 2013 we find that the national co-financing of the program POP is 47,036.7 thousand, expenses are ineligible for aquaculture 14671.0, the information in Table no. 10, and the contribution of the European Commission's external grants EAFRD related investment projects is 32,444.7 thousand lei.

Table no.10
Situation related national co-investment projects undertaken by POP 2013
-thousand lei-

Outgoing	National co-financing for each of RDP measures
Aquaculture	78.649,7
Animal health 2339.0 thousand lei	39.087,9
Implementation of integrated local strategies 160,500 thousand lei	305,6
Investments in processing and marketing 250,100 thousand lei	50.495,3
Collective actions 3091.2 thousand lei	178.277,9
Fishing ports, landing points and shelters	4.607,8
Development of new markets	500,0
Pilot projects	3.338,4
Help for permanent cessation of fishing vessels 38 400 thousand lei	38,4
Technical assistance	1.382,7

Source: www.madr.ro

4. Conclusions:

Activity in the agricultural sector led to good results, as the trade balance since the year 2013 to a surplus in food products, which is a good prerequisite for increasing agricultural production and increasing exports, given that

Romania aims to become a net exporter of agricultural products. In the year to which we refer, Romania exported agricultural products worth a total of over 5.098 billion Euros, 1.183 billion Euros more than in 2012, ending the year 2013 with an addition of nearly 325 million Euros in the trade balance segment.

This favorable situation must be supported by measures to regularize the situation of land ownership, reduce vulnerability of agriculture to extreme meteorological phenomena (investments in irrigation systems, restore the protective embankments of rivers, extending hail system, the operationalization of mutual funds) and investment in processing raw materials (realized by export revenues allowed much larger than the grain exports).

I believe that the tools allocated Romania are designed to transform agriculture and rural areas so as to allow efficient use of resources.

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