



The SAPARD Programme for Rural Development in Romania

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The European financial assistance plan for all future member states includes a large quantity of money given through financial instruments: SAPARD (Special Pre-Accession Programme for Agriculture and Rural Development), ISPA, and PHARE, of which the SAPARD programme represents 23% of the annual allocations, especially meant to modernize agriculture and to induce a coherent rural development. Its scope is to help out, not to provide; therefore we have to contribute with a lot of initiative in order to make the programme properly function. These instruments are used to support the country in its going through the transition period and, implicitly, its regions to properly develop and diminish the discrepancies between them. The SAPARD programme leads Romania towards a structural reform of agriculture and rural development, by giving it the main frame for implementing the legislation of the CAP (Common Agricultural Policy), and better accomplish its requests after the accession into the European Union. Among its objectives, it emphasizes on long term sustainable rural development, the development and improvement of rural infrastructures and the management of water resources, high quality agricultural products in a competitive agro-food sector and rural economy, raising the quality standards of processing and management of these products, training the human resources towards professional high quality living standards, the improvement of social infrastructure, and the development and diversification of economic alternative activities and income. It works on four directions of activity: processing and marketing of agricultural and fishery products, rural economy (non-agricultural alternative activities), human resources, and rural infrastructure. In spite of the large quantity of money we are given through this programme, the level of absorption is relatively small and there are different ways of approaching it at each regional level.

The paper tries to debate on the issue of the level of absorption during the first four years of the SAPARD Programme up to December 2005, when the situation of the accessed projects was not the best one. It is important to highlight the past situation because from the accession and absorption points of view two phases might be established in their evolution. The first phase is the one ranging in between the years 2002 and 2005. The second one begins in the last year of the programme ending in August, 2006. There was an important difference in the power of absorption of the non-returnable funds in these two phases. We have constructed the present analysis on the basis of the official data provided by the SAPARD National Development Agency. Speaking about the year 2005, Romania had to absorb a large non-returnable quantity of money during this one year period of time so that it could compensate the sums of money, yearly distributed, and established in the annual bilateral agreement of that year, which were not spent in a three year period, between 2002 and 2004. The total amount of money that was supposed to be absorbed was of about 460 million euro. During this year other four measures of activity that could be financed were adopted and certified, among which we can mention the measures for constituting the groups of producers, improving the structures for the quality control of the alimentary products, the programmes for agro-environment and forestry.

This research is structured on four different levels according to the SAPARD four and most frequently used measures of activity that we have analysed out of the six already functioning.

We have taken into consideration only the above mentioned, especially because, in the particular case of Romania, these four were the ones mostly accessed by the people living in the rural space, namely: improving the quality of processing and marketing of agricultural and fishery products, investments in agricultural exploitations and development of the rural infrastructure (measure 1.1, measure 2.1, measure 3.1, and measure 3.4).

Measure 1.1 Processing and marketing of agricultural and fishery products

We can observe a relatively homogenous distribution all over the country, but this does not necessarily mean that all of them are enough for solving the present national situation in what the modernization and improvement of the lines of processing the alimentary products are concerned.

In the case of the North-East Development Region, Suceava County appears in a front position due to the milk industry that develops in the area. On the other hand, Iasi County holds a first place with the smallest number of accessed projects. In the South-East Development Region, as well in the North-West Development Region we cannot find any peak in the accessing of these funds; the little we have here mainly concerns fish and wine products. For the South Muntenia Development Region, the Prahova County must be taken as a reference point, as it has the largest number of accessed projects. The smallest number of accessed projects is to be found in the South-West Oltenia Development Region. The most diversified projects as well as the more numerous ones can be found in the Central Development Region.

At a regional level, even if the results of the regional economic studies show that the North-East, South-East and South-West development regions are the ones that mostly need development projects, we cannot see almost any initiatives towards this issue, except for the North-East Development Region, moved ahead by Suceava County.

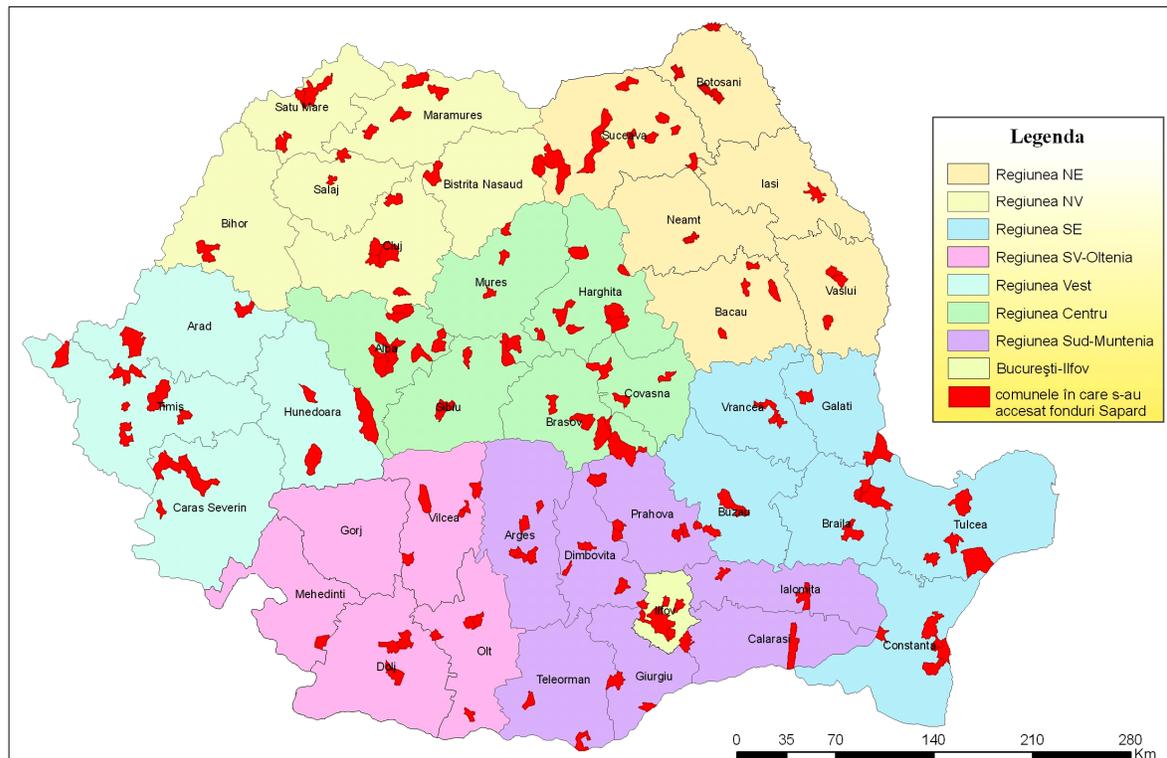


Figure 1. The level of accessing and absorbing of the SAPARD funds for the 1.1 measure of activity, at a county level.

Under this measure of activity there were created units for processing and producing the agricultural products. The most active branches of the alimentary industry are represented by:

the milk industry (the highest number of accessed projects is registered in the North-East, followed by North-West and South-East regions of development); the meat industry (this kind of projects being mainly equally found in South Muntenia and Centre development regions, and followed by other two regions of development, North-East and North-West, they having registered almost the same numbers); the cereals, vegetable and fruit industries (projects mostly accessed by producers of the West, North-West, Centre and Bucharest-Ilfov regions of development); the wine industry represented by the South-East, South Muntenia, South-West and Centre regions of development.

The modernization of the units of processing the agricultural products has to become a priority for us, for the future welfare of the agricultural sector.

Measure 2.1 Development of the roads infrastructure and water networks (sewerage system)

The SAPARD Agency contracted a number of 607 projects, working out at a value of 483,4 million euros, for the 2.1 measure of activity carrying on the improvement of the rural infrastructure. We must mention that, after finalizing those projects, there will be 1730 km of modernized roads, 3475 km of water supply pipes, 517 km of sewerage pipes, which will be used by a number of 658.113 inhabitants. The research on this issue resulted in some graphs for each of the regional levels that properly reflect the average of the projects within the counties of region, at the same time within the regions of a country.

Again we may notice the multitude of the projects in the North-East Development Region which again mostly needs them – although Botoşani County, the area that most urgently requires a better infrastructure and where 40% of the roads are in a very bad shape, appears to have the smallest number of projects.

Although situated on the first place as far as the previous measure (measure 1.1) is regarded, the Central Development Region seems to shift to the last position according to the number of accessed projects for measure 2.1, maybe because the road infrastructure and the water network are of a higher quality level, than in all the other regions.

Within the eight development regions we can highlight two of them, which, by their behaviour in the process of rural development, constitute special cases. While most of the regions try to absorb as much money as they can for improving the condition of the infrastructure all over their territory, the South-West Oltenia and West development regions do not seem to pay too much attention to the opportunity they have. Therefore, we may draw two possible reasons for having this kind of attitude: either they dispose of a good quality infrastructure, or they do not wish or need to improve it. These two come into our attention due to the fact that they constitute an example of regions the sub-areas of which barely or not at all contribute to the process of rural development, in our case, to the absorption of the SAPARD Funds. The South-West Oltenia, having the particularity that only part of it, namely Vâlcea, Dolj, Olt and Gorj counties, accesses and absorbs the SAPARD Funds, while the Mehedinţi County lacks in projects, it still maintains on a medium position in the hierarchy concerning the number of accessed programmes. The West Development Region, the second in our attention, excels in infrastructure and has had a good development so far, therefore it does not need them. Still, even here, there are some doubts regarding the other county in this region, that of Arad, about which we cannot say but that we have noticed an attitude of indifference or not enough information towards accessing the SAPARD financing projects.

The North-West Development Region comes between the West and the Centre development regions in what regards the number of the accessed projects having benefited from these funds for 39 projects, meanwhile the other two benefited from the same funds for 40, respectively 38 the last one. Although they are quite at the same, the difference stands in the number of projects accessed by each and every county and their infusion of money: for the North-West all counties are contributing, even with a small number, but Maramureş County comes with the largest number of 13 projects; for the West region, three counties, namely Timiş, Caraş-Severin and Hunedoara, are contributing with a number of 8, 22 and respectively 10 projects; for the Centre region again all the counties are contributing to the welfare of its rural

space, of which Harghita County has the largest number, expressed by 15, of the accessed projects.

Having thoroughly evaluated all the situations mentioned above, we conclude that the North-East Development Region benefited of most of the allotted money, taking as much money as it could and really deserved, being often addressed to as the most under-privileged area of Romania. It was closely followed by two other regions, the South Muntenia and South-East development regions equally important due to the high values registered there, of 115 and respectively, of 106, thus situating themselves on the first three places in the regional hierarchy.

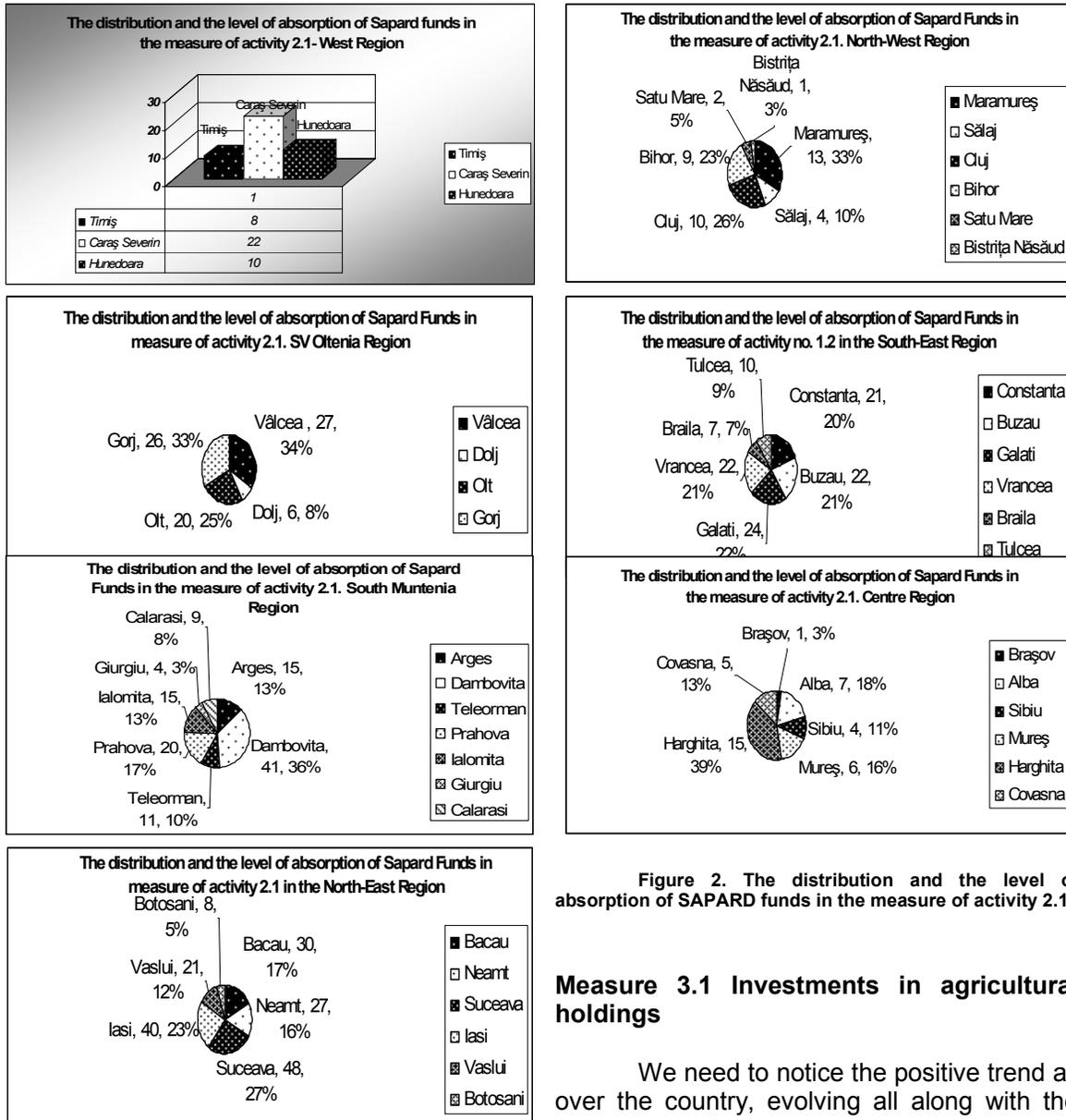


Figure 2. The distribution and the level of absorption of SAPARD funds in the measure of activity 2.1.

Measure 3.1 Investments in agricultural holdings

We need to notice the positive trend all over the country, evolving all along with the functioning of the 3.1 measure of activity.

People seem to understand the necessity of improving and modernizing of both the objects of their work and the tools with which they work. The exception in this case is represented by the South-West Oltenia Development Region, which is situated on the last place in the number of accessed projects, and, much more, three of its counties, those of Mehedinți, Gorj and Vâlcea, do not register the accessing of any of these projects.

The other regions are identified through initiatives in purchasing technical agricultural equipment, in modernizing the technology of their agricultural exploitations, mostly the vegetal farms (the South Muntenia Development Region), greenhouses, zoo-technical euro-farms (illustrative is the case of Bistrița Năsăud County of the North-West Development Region), wine

products processing (the South-East Development Region), animal products processing (the North-West, Centre And South-West Oltenia development regions).

We can certainly notice the abundance of projects in the North-East Development Region where the main projects were accessed for purchasing technical equipment for agricultural exploitations and for modernizing the agricultural exploitation, as well. Here, the most predominant agricultural holdings are mainly concentrated on animal products producing and processing in micro-farms, Euro-farms, stock farms, flower and vegetable greenhouses.

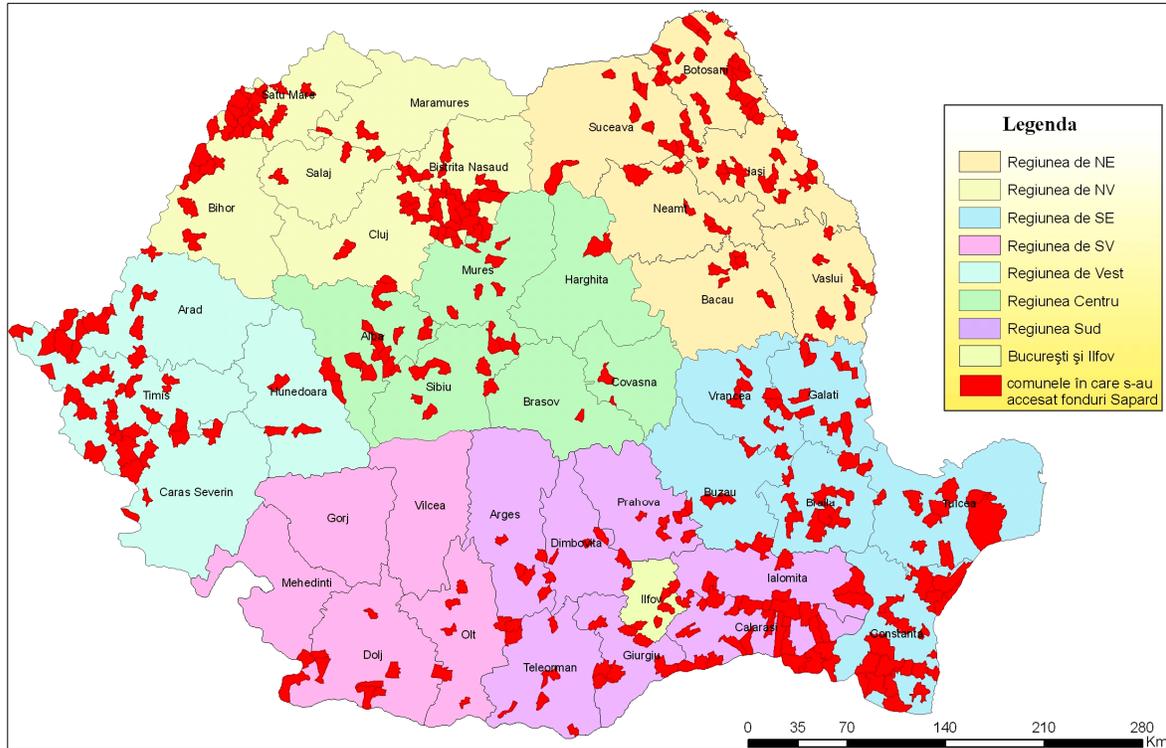


Figure 3. The level of accessing and absorbing of the SAPARD funds for the 3.1 measure of activity, at a county level.

As for the South-East Development Region the large number of accessed projects for purchasing new machines and farm equipment is determined by the most prevailing economic activities, namely those of cultivation (vegetable crops included), apiculture, fishery activities and establishments, and snail farming.

Measure 3.4. Development and diversification of economic activities, alternative incomes

Here, most of the projects are accessed for the new industry, agro-tourism (the greatest part of them for pensions, guest houses, some of them for vegetable farms or for wood processing). Due to the high number of pensions in which it has been invested during the pre-accession years, we are now in the situation of being able to offer more than accommodation and of having more innovative ideas.

Besides the usual recreational tourism, the investors will attract the future tourist to practice other activities like equestrian tourism, hunting tourism, fishery tourism, or mountain tourism with its related activities.

Taking into account the large number of projects and money absorbed for the 3.4 measure of activity, namely "The development and diversification of the economic activities so as to generate multiple activities and alternative income", it means either that people knew much about the numerous opportunities they had by accessing funds for projects of rural tourism, or that many of them already had a business in rural tourism and just wanted to improve its quality.

As we look at figure 10 we can notice that the areas where most of the projects in this measure of activity are already known as being rather profitable for a future business in tourism. Because it is not only about the beautiful landscape but it is about the services provided to the tourists, as well.

The most agglomerated areas all over Romania:

- the North-East Development Region – due to its highly facilitated cultural and religious tourism;
- the Central Development Region due to the previous existent sites perfect for practicing tourism: Rucăr-Bran Corridor, Făgăraș Mountains;
- the South East Development Region – considered to be prosperous in virtue of the seaside area.

During the last years, tourism has been continuously evolving trying to become a functional future business, which could represent a viable and prosperous alternative activity. By integrating this activity in the context of European integration, due to the importance given to the preservation of the environment, we have to emphasize upon the importance of practicing ecological tourism. Another advantage implied by this type of tourism is the lower costs for maintenance, since nature constitutes its basis thus becoming a long term profitable new industry.

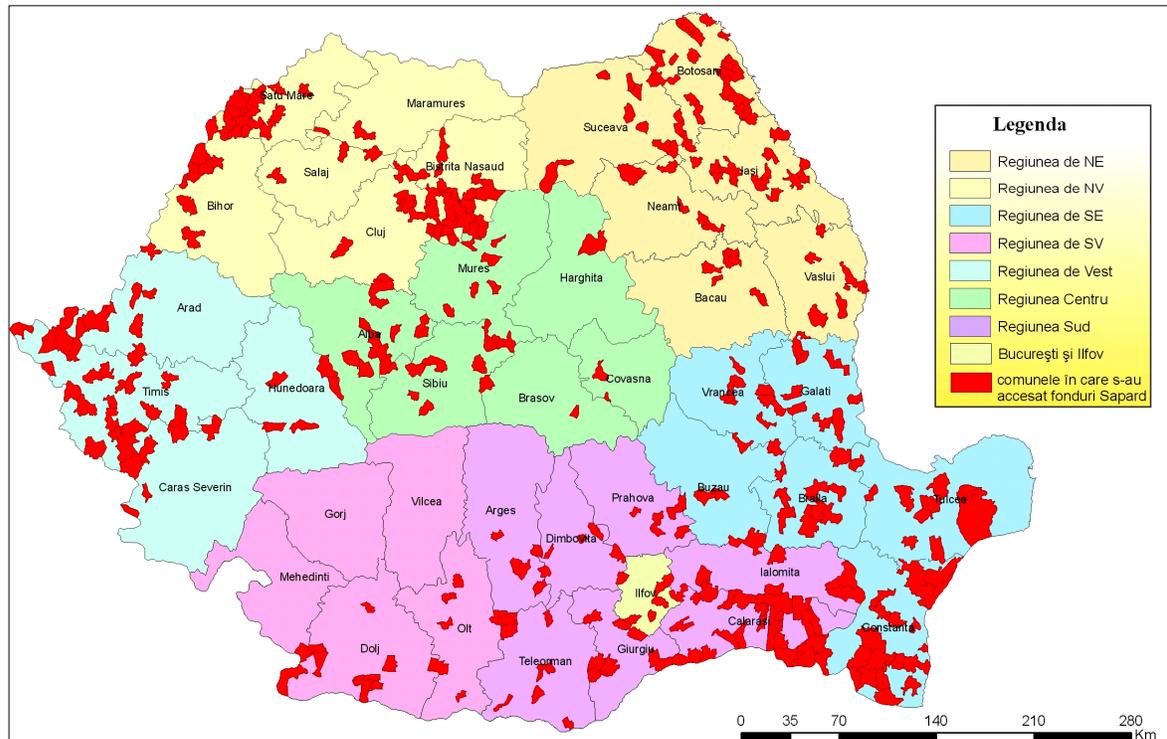


Figure 4. The level of accessing and absorbing of the SAPARD funds for the 3.4 measure of activity, at a county level.

Conclusions

After some years of European financing we still face elementary problems, like:

- the programmes are always applied later that it is needed;
- the beneficiaries either do not have the time to do the project planning, or they do not dispose of the necessary money for co-financing;
- low level of accession and absorption of the funds,
- irregular distribution in territory;
- discrepancies between counties and regions of development;
- enough money but unable to use it;

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- too much money left for the second phase in too short a time;
- the risk to lose the financial help after the accession,
- there is a need but not a chance, or there is either too much ignorance or not enough initiative,
- low level of financial basis within the population that inhibits the accessing of a SAPARD Project,
- the need and the utility of bank credits.

The final goal of the before accession Romania was supposed to be that of contracting a large number of projects for rural development thus succeeding to spend 400 million euros by the end of December 2006.

The most difficult problem the people who tried to access SAPARD programmes faced has been the ticklish procedures that had to be carried out so that the projects should become eligible.

We don't dispose of a sufficient number of specialists, and the availability that these travel all around the country, especially in the rural areas, observing, and taking notice of the real situation and needs, and informing the potential beneficiaries about the advantages of accessing such funds. Law no. 231 about the credit for investments and also the Emergency Decree no. 46/2005 were established to financially help the beneficiaries getting them the necessary sum of money for starting one of these projects. Such normative acts provide that certain quantities of money should be given to the intermediary organisms in order to be able to credit the future investors in agriculture (the first measure for helping farmers was allotting an amount of 800.000 lei to the involved banks – as intermediary organisms). The Emergency Decree was supposed to assure the banks that provided financial credit against the probability of a high risk, consisting in the intervention of state in case of a non-respecting of the conditions of a contract.

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