

THE REGIONAL AND LOCAL DISTRIBUTION OF FUNDS ALLOCATED BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT IN ROMANIA

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ABSTRACT - The objective of this study is to present and analyze the regional and local distribution of the funds allocated by the European Agricultural Fund for Rural Development (EAFRD), European fund that finances rural development in Romania, in the post-accession period. This financing instrument was created by the European Union with the order to continue the main directions of investment of Special Pre-Accession Programme for Agriculture and Rural Development (SAPARD). As a member state of the European Union, Romania observes the principles of the Common Agricultural Policy (CAP) while the development of the Romanian rural area for the programming period 2007-2013 is supported by the European Community through the National Rural Development Programme (RDP). This approach pays special attention to improving the quality of life in rural areas and the diversification of the rural economy because local communities in Romania have experienced some changes in this period, while accessing EAFRD funds contributed to increased regional disparities between developed and poor areas.

Keywords: rural development, European funding, micro-enterprises, tourism activities, rural area infrastructure, regional disparities

INTRODUCTION

The European Union's interest to reduce disparities and to strengthen economic and social cohesion has a solid economic support. The main means and tool used by the European Union to promote its regional development policy are the so-called Structural Funds. They are managed by the European Commission and they have as destination financing measures such as structural aid at community level in order to promote lagging behind regions, combating long-term unemployment, promoting the employability of the young or the deepening of rural development (Dobrescu, 2009).

Regarding the Common Agricultural Policy, it is the most complex and expensive among the EU policies and represents one of the hardest challenges of the enlargement process (Brăilean, 2007). Since 2007, the Romanian villages have obtained substantial funding from the European Union through EAFRD and, for the 2007-2013 period, Romania has received from the European Union no less than 7.1 billion euros, which means that our country had the possibility to use approx. 1 billion per year for rural development (Florian, 2007). However, economy and society are distributed unevenly in space, this phenomenon being emphasized by the regional and local features of the different spatial mode of manifestation of the natural, cultural, economic, and social factors (Bakk, 2010). In addition, the mental limit of a region reveals, in the absolute majority of cases, the whole process of humanization, with all its positive and negative conditionings, favourable or unfavourable, while a surface of a territory may be a regional demarcation criterion in terms of effective self-management (Coccean, 2010).

METHODOLOGY AND VARIABLES USED

The preliminary stage was documentation. This involved creating a database using information provided by the *Payment Agency for Rural Development and Fishing*. The database was subsequently processed by calculating the coefficient of localization.

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The coefficient of localization was calculated according to the formula:

$CL_{ij} = (P_{ij}/P_j)/(M_i/M)$, where:

CL_{ij} is the coefficient of localization;

P_{ij} is the number of beneficiaries per unit area i ;

P_j is the total number of beneficiaries in the unit i ;

M_i is the resident population in the area i ;

M is the national resident population.

The aim of this study is to capture the manner in which the spatial distribution of the European funds during the post-accession period led to the emergence of territorial disparities that coincide with the relation between the communities' needs and the economic and social opportunities of the respective territories.

ANALYSIS AND RESULTS

The whole scientific approach focused on *Axis 3: Quality of life in rural areas and diversification of the rural economy*, which included the following measures:

Measure 312 “Support for the creation and development of micro-enterprises”

This measure contributed directly to the creation of micro-enterprises and had an average impact on the diversification of entrepreneurial activities, its contribution to increasing the added value in non-agricultural activities being considered moderate. In terms of the financial support granted, it targeted the tourist accommodation infrastructure, the recreational activities, the small-scale infrastructure and the development of tourism services related to rural tourism.

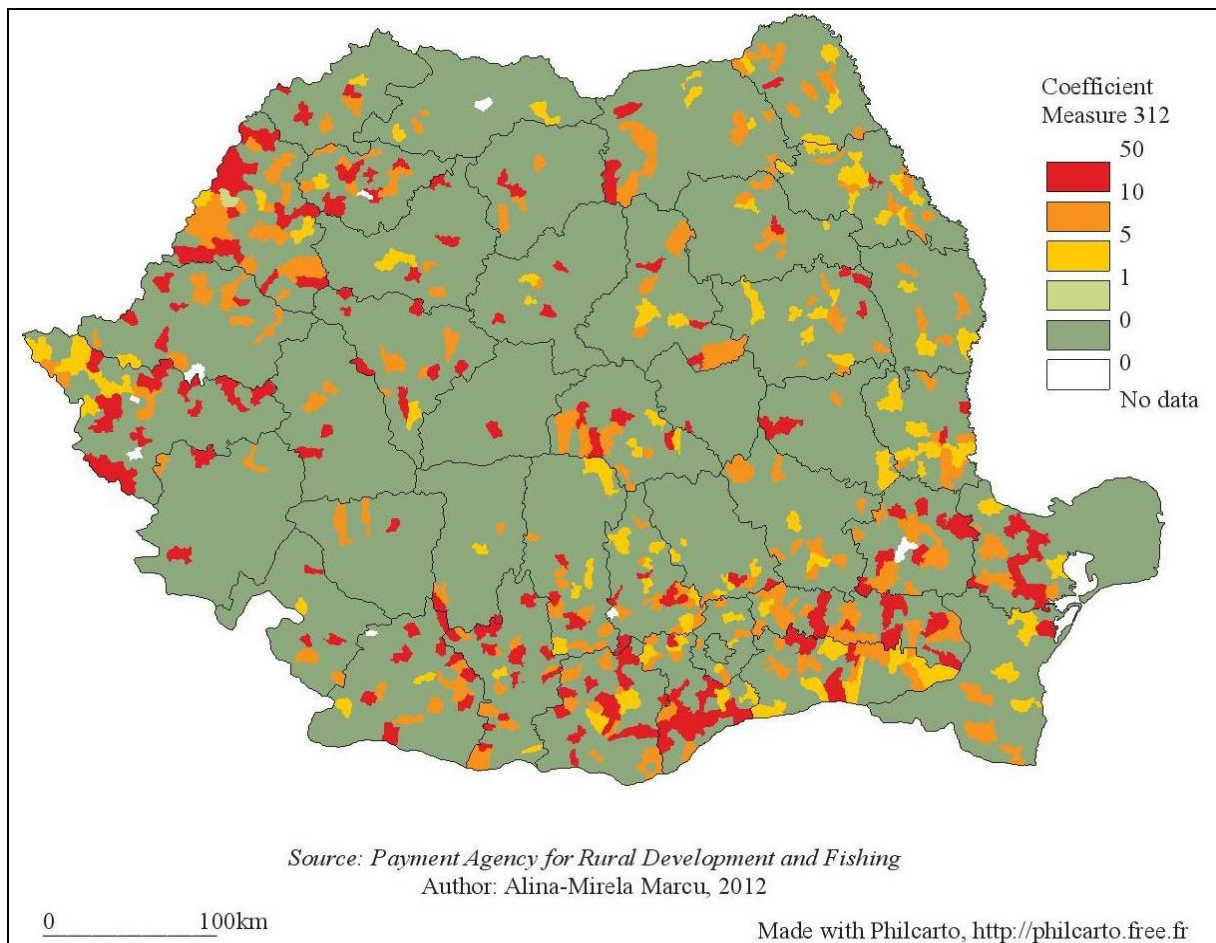


Figure 1. Distribution of EAFRD beneficiaries – Measure 312

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The settlements with a very high coefficient of localization lie in the south and west of the country, namely in the historical regions of Wallachia, Banat, and Crişana. The dynamics and territorial distribution of micro-enterprises in these regions is influenced by a number of factors including: the existence of a well-trained workforce potential, the economic strength of these areas, and the corresponding demand. There is a revitalization of rural economy particularly in the Romanian Plain, mainly in the following counties: Brăila (the localities of Bordei Verde, Chiscani, Dudeşti, Râmnicelu, Traian, Viziru, etc.), Călăraşi (the localities of Ciocăneşti, Dragoş Vodă, Dorobanţu, Dragalina, Lehliu, etc.), Ialomiţa (the localities of Andrăşeşti, Balaciu, Cosâmbeşti, Coşereni, Săveni, Vlădeni, etc.), Giurgiu (the localities of Adunaţii Copăceni, Ghimpaţi, Prundu, Călugăreni, Făteşti, Daia, Izvoarele, Floreşti-Stoeneşti, Ştefăneşti, etc.), and Teleorman (the localities of Bragadiru, Călineşti, Călmăţuiu, Gălăteni, Mavrodin, Paroschia, Stejaru, Siliştea, etc.).

The localities with more complex industrial activities in the Banat region were identified in Timiş County where the processing of agricultural products is the main activity in villages. Moreover, a series of localities in Hunedoara County are characterized by one type of industrial activity, mainly extraction, in areas with deposits of natural resources.

The settlements with a higher coefficient of localization than the regional average are located in the south and west of the country. In the Crişana region, Bihor County shows a relatively stable dynamics for establishing new enterprises, higher than in other counties of Romania. In localities such as Aştileu, Batăr, Biharia, Buduslău, Cetariu, Ciumeghiu, Cociuba Mare, Diosig, Dobreşti, Sălcea, Sălard, Sânmartin, and Tinca processing units of agricultural products are organized in order to meet the needs of the population, both from those areas and from the neighbouring towns.

The settlements with a coefficient of localization close to the regional average location are located in the eastern part of the country, in Moldova. Thus, for revitalizing the economy in this rural space it is essential to attract large investors, both Romanian and foreign, to create new jobs and to ensure non-agricultural income. However, the number of enterprises has increased in recent years and there has been substantial increase in the following areas: construction, trade, transport, and communications.

The settlements with a coefficient of localization below the regional average comprise localities with a peripheral position within their county, but their number is relatively low, while the settlements with a very low coefficient of localization form the most represented category and lie in the centre of the country, in the historical province of Transylvania and in south-west Romania.

Measure 313 “Encouragement of tourist activities”

The second measure has contributed to alleviate regional disparities between certain areas to create and maintain jobs through tourist activities, especially for the young and for women, rural tourism being considered an occupational alternative for people active in rural areas, a diversification of economic activities and a factor for the stabilization of population, a source of growth and income diversification for rural inhabitants.

By analyzing the distribution of EAFRD fund beneficiaries to improve tourist activities, results show that most rural settlements in Banat present a very high coefficient of localization. In Caraş-Severin County, tourism tends to become one of the most dynamic economic sectors with long-term growth potential. The settlements with high and very high tourist potential are distributed close to protected areas and natural monuments and they can contribute substantially to socio-economic revitalization of the county. Wallachia region has considerable potential especially in the north due to favourable natural conditions and to cultural and historical traditions. Thus, the counties of Argeş (with the localities of Arefu, Bârla, Bradu, Cotmeana, Stâlpeni, Vedea, etc.), Dâmboviţa (the localities of Crevedia, Iedera, Malu cu Flori, Odobeşti, Potlogi, Runcu, Valea Lungă, etc.) and of Prahova (the localities of Băneşti, Cornu, Măgureni, Proviţa de Sus, Valea Doftanei, etc.) show higher tourism development than the southern counties and ensure the practice of different forms of tourism such as winter sports, health and spa and so on. In Arad County, the settlements with high tourism potential are less numerous. Sights with historical significance are the following: Şomoiş Fortress of Lipova, Şiria stone fortress, Dezna Fortress, numerous medieval castles, Macea Castle, Şiria Castle, the Royal Castle in Săvârşin, stone or wooden monasteries and churches.

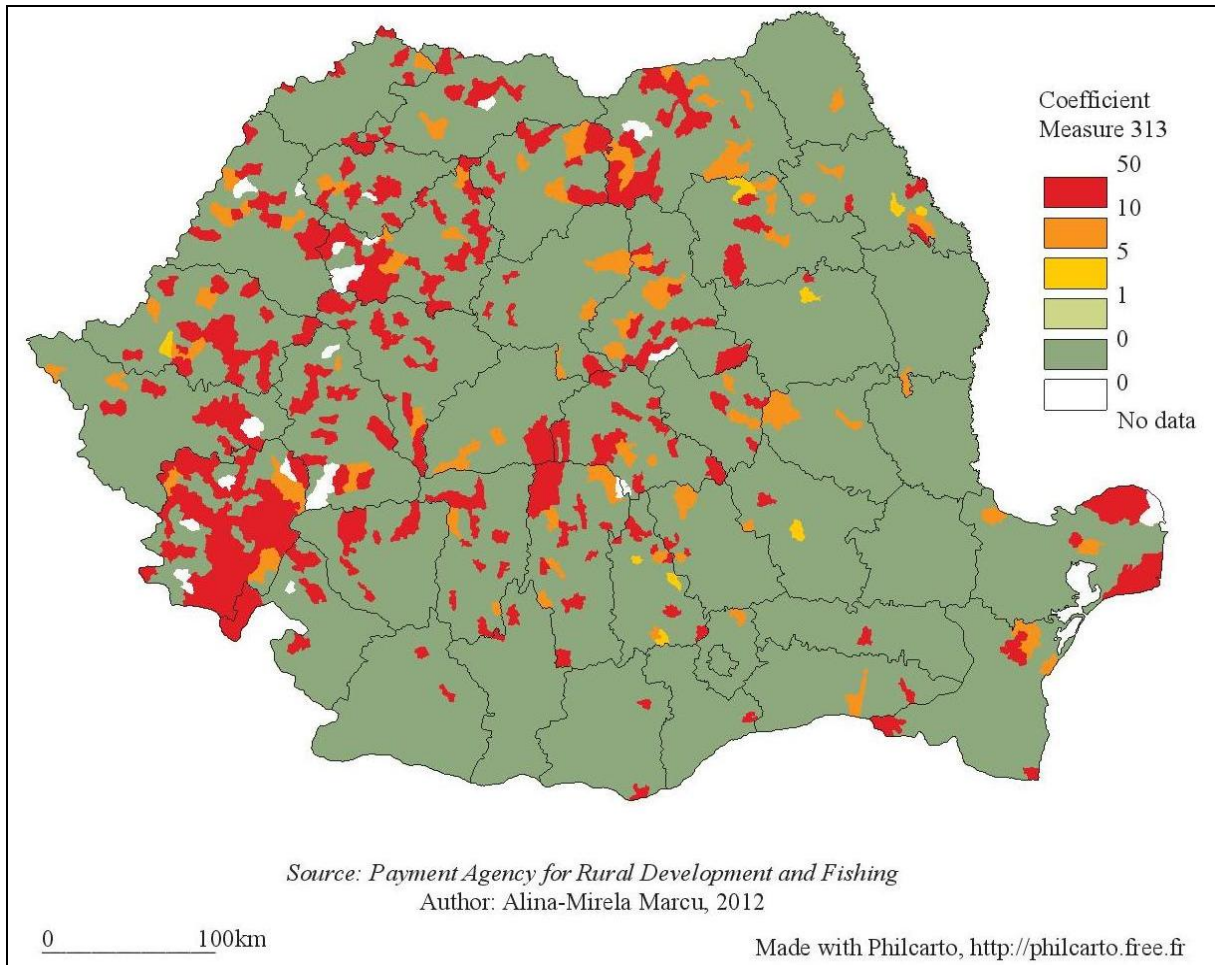


Figure 2. *Distribution of EAFRD beneficiaries – Measure 313*

Some settlements with a coefficient of localization above or near the regional average are in the following physical geographical units: the Western Plain, the Transylvanian Depression, and the Maramureş Depression. Tourist resorts and spas are in Băile Felix, Cojocna, Ocna Şugatag, and Sângeorz-Băi. Winter resorts are in Stâna de Vale, in the Apuseni Mountains, and Borşa and Fântânele in the Northern Carpathians. The historical region of Transylvania has an impressive number of national and international tourist objectives, national and natural parks: the Bicz Gorges in Harghita County, the Bucegi and the Piatra Craiului Mountains in Braşov County, the Călimani Mountains in Mureş County. Due to European funds, some monuments of folk architecture in Transylvania benefited from rehabilitation projects and consolidation (wooden houses in Vidra and Avram Iancu Memorial House in Alba County, etc.).

The localities with a coefficient of localization below the regional average and very low are characteristic to hilly and mountain areas facing the problems of transport infrastructure and utility infrastructure, such as: lack of water, lack of sanitation facilities, lack of gas and electricity, etc. without which the potential of these areas cannot be used. The southern region, bordered by the Danube River, has enough tourism potential untapped so far, but over time, it can become an alternative to traditional mountain tourism through sustained investment. One of the regional problems is the access infrastructure in tourist areas still underdeveloped compared to the needs of the region. Mountain areas have a reduced capacity in terms of access infrastructure. There are tourist areas with limited access structure, such as the Apuseni Mountains (Vlădeasa area, Băişoara, Muntele Mare), and the Maramureş Mountains.

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Measure 322 “Village renewal and development, improving basic services for the economy and the rural population and enhancement of the rural heritage”

This measure is one of the successful measures, but the budget was not enough because of the high number of basic needs identified in rural areas and thus, a large number of projects could not be initiated under this measure. The importance of this measure results from the fact that the needs of the Romanian rural space are closely related to access to basic infrastructure and to renovation of buildings, improvement of sewerage networks and to building roads.

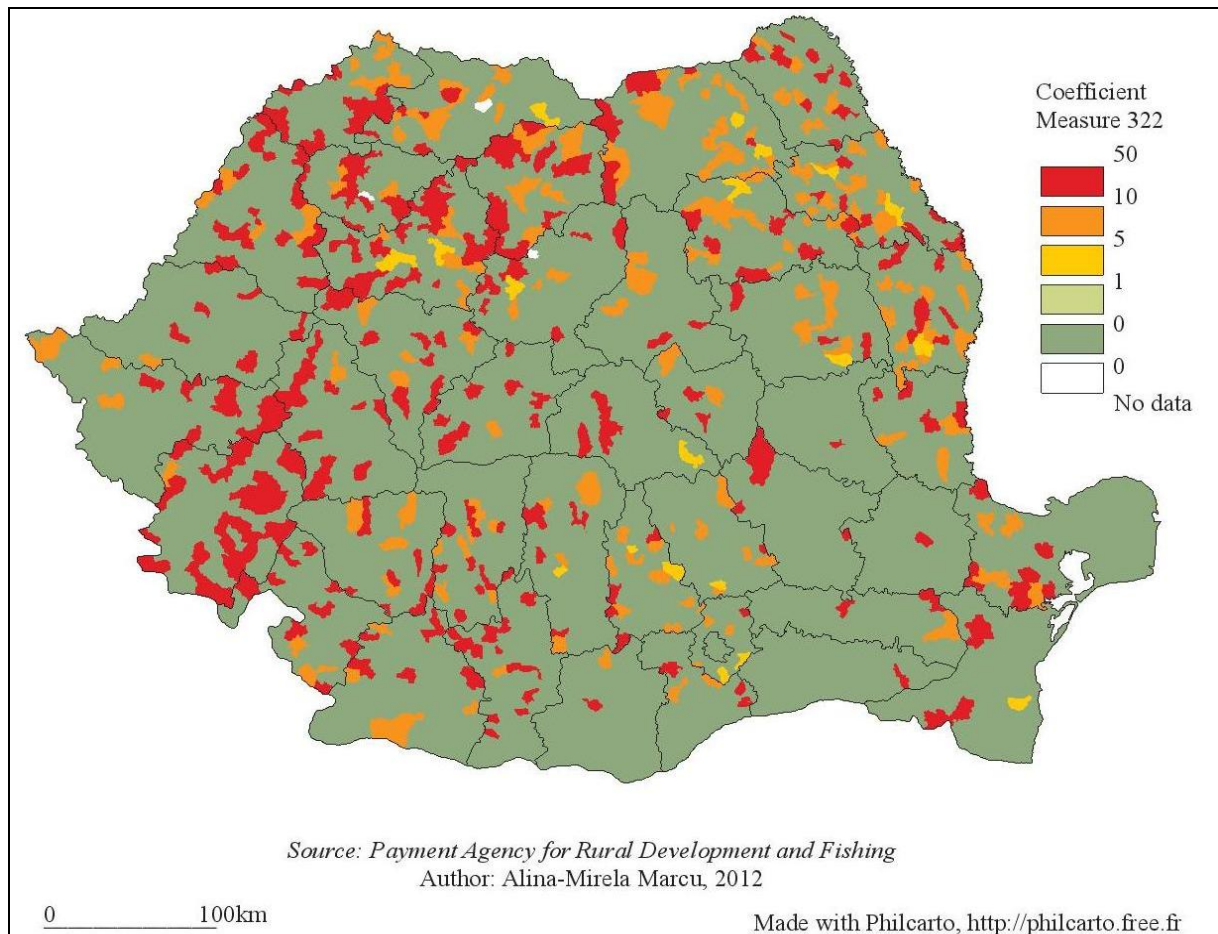


Figure 3. Distribution of EAFRD beneficiaries – Measure 322

Rural settlements with a very high coefficient of localization are identified in the western half of the country, because they benefit from the proximity to a national road. In Transylvania, transport infrastructure presents an uneven development. The public road network is well developed in the following two counties: Cluj (the localities of Aluniș, Băișoara, Cătina, Frata, Pălatca, Săndulești, Sânpaul, Viișoara, etc.) and Bistrița-Năsăud (the localities of Budești, Ilva Mica, Leșu, Livezile, Rodna, Romuli, Rebra, Telciu, etc.) unlike in the mountain counties (Alba, Covasna, and Mureș) and in the hilly ones (the counties located in the Transylvanian Plain or in the Secaș Plateau) where access is difficult. In this region, the density of the modernised roads due to this European fund is higher than in other regions of Romania. In Cluj and Bihor, the absorption of European funds is high, because they benefited from a superior geographical position, being crossed by European road corridors.

The settlements with a coefficient higher than the regional average are concentrated in the northern half of the country, in the historical provinces of Bucovina, Maramureș, Northern Transylvania, and Moldavia. It shows that the number of communes crossed by major transport routes

is relatively high, but population accessibility to these routes is difficult mainly because of the poor condition of access roads to national roads, most roads being country roads.

The settlements with a localization coefficient close to the regional average lie in Moldova, where the length of modernised roads is extremely low. Counties benefiting by the highest share of European Union funded projects are: Suceava (the localities of Bunești, Dornești, Mălini, Poiana Stampei, Vicovu de Jos, Volovăț, etc.) and Iași (the localities of Bălțați, Bivolari, Ciurea, Cotnari, Dobrovăț, Heleşteni, Ion Neculce, Lețcani, Strunga, Tansa, Vânători, etc.), while a completely different situation is in the case of Bacău County. There are differences among counties and a lack of uniformity in the development of public utilities within the same county.

At the regional level, the settlements with a coefficient of localization below the regional average or a very low one have the largest share because most rural localities do not have paved roads. In addition, the public sewerage system shows a rather high state of decay throughout the country, being one of the factors triggering outbreaks of infection. In the region of Moldova, the counties of Bacău, Suceava, and Iași have most of their localities connected to the public sewerage system, unlike the Vaslui and Botoșani counties. This is not the situation of Timiș County (the localities of Dudeștii Noi, Ohaba Lungă, Nădrag, Pietroasa, Pișchia, Săcălaz, Traian Vuia, etc.), characterized by a high percentage of homes equipped with water supply and sewerage facilities made in the EU pre-accession period. In mountain areas, most settlements are not connected to drinking water network because of the large costs involved and of the scattered households.

CONCLUSIONS

Analysis of the current situation for EAFRD funds absorption in Romania presents regional disparities as regards the diversification of rural economy. In terms of the technical condition of transport routes, most roads are inadequate and the lack of material funds was and is one of the main causes that have led to the low mobility of rural population and labour, as well as to a low development of tourism. Moreover, the needs of rural population are ensured neither when it comes to the drinking water supply network or to the sewerage system and wastewater treatment. The historical regions of Moldova and Wallachia show the highest percentage of homes that are not connected to the two public networks. However, financial support granted by the European Community for investment in infrastructure and for improving the quality of life in the rural areas of Romania was insufficiently used by local authorities or by those interested, but it led to increased economic and social activities in the Romanian rural space.

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