

## THE IMPACT OF EUROPEAN FUNDING PROGRAMS ON IMPROVING THE LIFE QUALITY IN ROMANIAN RURAL AREA

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*The transition of the national economy from a centralized to a market system is proved to be difficult and lengthy, with multiple adverse effects on the rural area. Nowadays, the Romanian rural area is characterized by a relatively low level of development. One of the solutions for improving this drawback is the access of European funds for development of rural area. The most important programs which can be obtained the structural funds are: National Rural Development Program. In this paper is analyzed the impact that the programs with European funding has on improving the life quality in rural areas, with the following results: increase the incomes for farmers, the assurance of food security, environmental conservation, increasing the number of young people settled in rural areas, reducing the migration for jobs in abroad, improving education, reducing the urban-rural disparities, the recognition and promotion of tourist areas, the preservation of traditions and cultural values.*

**Key words:** development, european funds, rural area.

The rural areas is one of the permanently value of a nation. In the perimeter of the geographical location that allows the rural concept, are recovered concentrated many elements which contributing to the overall socio-economic development. This includes: natural resources, population and the auspicious framework for agricultural activities, tourist potential, traditions and spiritual values. In defining this framework is inserted and the Romanian countryside, that in the last 10 years has undergone to the major initiatives for change and transformation. These are needed especially in situation where it is found that in many situations the "country life" differs much the life of the city. Periodical analyze of the development factors of the countryside have shown the necessity to give a high priority to improving the life quality.

The Romanian integration in the European Union was at a moment in which there were many disparities between Romanian and European rural space. Relatively low development level of the our countryside is reflected in: limitation of utilities infrastructure, precarious state of roads, no health services, return to subsistence agriculture, lack of jobs, downgrading of education, aging, etc. In order to eliminate these disparities have found the solutions for improvement, one of this being the accessing of European funds for agriculture development and rural area. Thus, by the European Commission's Regulations have been established: the

European Agricultural Fund for Rural Development, the European Agricultural Guarantee Fund and the European Fisheries Fund. In order to access these funds has been created The National Rural Development Program - essential document which respects the strategic directions for rural development. These may be added the Regional Operational Program and the Sectoral Operational Program, including the positive impact on the development of the countryside.

## MATERIAL AND METHOD

In assessing the impact of accessing European funds grants on improving the quality of life in rural areas, we use as research method the diagnostic analysis. The impact assessment that we will have the funding on the development of Romanian rural area is realize starting from the current status evidence of rural life quality and using a set of specific indicators (Table 1). These were determined, after realization a study on impact of accession on producers and consumers by the Research Institute for Agricultural Economics and Rural Development in 2006.

Table 1

### The economic indicators for monitoring the European funds impact on the rural development

Indicators	Impact
- VAB over the dynamics of agriculture - VAB Share of agriculture in total GDP	Increase VAB
- The number of farmers from the previous period, as result of the modernization / restructuring of farms	Reducing de farmers number
- Number of jobs created from investment in activities and processing services, infrastructure and economic diversification in rural areas	Creating the new jobs in rural areas
- The capacity of production sectors - Share of new and modernized capacities in total production capacity of branches and activities	Obtaining production capacity new and upgraded
- Obtaining production capacity - VAB for a employed person in the agricultural sector and all sectors / activities	Increasing the work productivity

The main expectations concerning the contribution of European funds grants to improvement the life quality in the Romanian countryside, are expressed through the socio-economic indicators, set for each measure of financing programs (Table 2). The impact indicators are established by the Ministry, through the National Rural Development Program 2007-2013.

Depending on the three types of indicators (achievement, result and impact) is estimated that the analysis of the impact indicators presented a greater difficulty, because it is based on estimations and forecasts. Thus, determining the results value of European funding grants is based on results obtained by the SAPARD program.

Table 2

**Quantifying the impact of European funding on improving the rural life quality**

Type of indicators	Indicator	Target 2007-2013
<i>Commons indicators for Measure 322</i>		
Achieving	Number of municipalities supported	1.026
	Total investment	1.579.217.870
Result	Population in rural areas benefiting by improved service (thousand)	5.053
Impact	Growth / of Measure 322 contribution (million euro)	368/34
	Job creation / of Measure 322 contribution	58.117/4.317
<i>Added commons indicators</i>		
Achieving	The number of basic services actions supported	263
	Total investment in basic services	78.960.893
	Number of rural patrimony actions supported depending by patrimony type (natural, cultural)	395
	Total investment depending by patrimony type (natural, cultural)	78.960.893
<i>National specific indicators</i>		
Achieving	Number of municipalities identified in Master Plans for water / waste water infrastructure	200
	Number of municipalities which have not benefited from EU funding	513
	<i>Number of km realizing by the basic physical infrastructure:</i>	
	km. of roads (modernized / new build)	3.369 (3032 / 337)
	km. pipeline water supply (new works/extension and / or modernization)	6.317 (4.738/1.579)
	km. of canalization pipes (new works/extension and / or modernization)	5.053 (4043/1011)
Impact	Percent of rural population benefiting by improved living conditions	50%

## RESULTS AND DISCUSSIONS

According to the studies and researches realized, it is note that, in comparison with most countries of the European Union, Romania is on the last/penultimate place on many indicators regarding the life conditions of rural population. [2] Regarding the concentration of country people in rural areas, the rural population is over 10 million inhabitants (47% of the 21.7 million inhabitants registered in the census from March, 2002). Also, in rural areas are concentrated 44% of Romanian households and a good part of it deals strictly with the soil cultivation or breeding. [6]

Regarding the development of the Romanian rural area, it was identified some negative aspects for all specific activities of the countryside, they add the human resource directly affected by precarious living conditions. According to the studies of the National Institute of Statistics, is resulted the following conclusions about the general development of the Romanian rural area in the last 4 years [7]:

a. in 2005 year in Romania there 4,256,152 farms, with 5.1% less than in 2002; the number of individual farms has fallen by 5%, and the units with legal personality has fallen by 19.4%; therefore is explain the fair and quick access of European funds for agriculture, by Measure 312 "creation and upgrading of micro-enterprises;

b. the agricultural area used/individual farm increased from 1.73 ha. in 2002 to 2.15 ha. in 2005; the agricultural area used/holding with legal personality declined from 274.4 ha. in 2002 to 263.1 ha. in 2005; the measures 141 "supporting of semi-subsistence farms" and 142 "the establishment of producer groups" can remedy this deficiency;

c. only 29% of farms have an economic size of minimum 1 European Size Unit;

d. the workload of individual farms has declined with 5% in 2005 compared to 2002;

e. the agricultural services have an insignificant value, only 0.9% in value of agricultural sector at national level; through the measure 121 "farm modernization" would create the added value for agricultural services, too;

f. regarding the forest, in 2006 compared to 2005, the area on which performed the cuts and collected the wood mass was increased by 3.1% and the afforested area by 8%; the highest volume of wooden was harvested in the North - East Region Development (25.8% of total);

g. in 2007, compared with 2006, the vegetable agricultural production register the decreases in nearly all cultures.

To eliminate the drawbacks evidenced by previous data, and to enhance the progress that has been achieved especially after 2000, we consider that the use of grant funding is a guaranteed solution to achieve the objectives of development of the countryside. For the 2007-2013, Romania will benefit from a total fund of 14 billion Euros for the agricultural sector, rural development and fisheries. Of this amount, over 57% (8.022 billion) is for rural development [5]. Of this amount, to direction of improving the life quality in rural areas and diversification of economic activities shall be a percentage of approx. 30% (2.12 billion Euros).

To achieve the goals concerning the Romanian rural area development, in the EAFRD have been set 3 priority axis, with different financial allocations. For each of these were established the measures for intervention. The axis which is the subject of study for this paper is Axis 3 *Quality of life in rural areas and diversification of rural economy*, which put in evidence the importance of economic multi-functionality of rural areas, conservation and valorization of cultural and architectural patrimony. The specific measures of this axis are 4: the diversification of rural to the non-agricultural activities, support for the creation and development of micro-enterprises, encouraging tourism activity, renovation and development of villages by improving the basic services for the rural economy and population and valorization of rural areas patrimony.

Interests of rural population and entrepreneurs to access the European funds are proving to be increasingly raised, especially if it is compared with the rate of

SAPARD pre-accessing funds. Thus, on 10 June 2009, it was register the following statement of EAFRD funds accessing, on intervention measures:

- Measure 121 "Modernizing farms": 791 contracted projects with a total value of 178.301.220 Euros;
- Measure 123 "Value-added growth for agricultural and forestry products": 225 contracted projects with a total value of 220.866.752 Euros;
- Measure 312 "The creation and development of micro-enterprises": 103 contracted projects with a total value of 15.749.303 Euros;
- Measure 313 "Encouraging tourist activities": 206 contracted projects with a total value of 38.140.110 Euros;
- Measure 322 "Renovation and development of villages": 128 contracted projects with a total value of 316.372.411 Euros.

Measures that still have not contracted projects are 112 "The establishment of young farmers", 141 "Supporting the semi-subsistence farms" and 142 "The establishment of producer groups"; by these, for the 112 and 141 measures was not filed no project. From these data we noted that all component measures of Axis 3 were to the entrepreneur's attention, the contracted projects on these measures have a share of 23.89% of the total contracted projects (1829). The amount allocated until now to the projects applied for measures of Axis 3 is 370.261.824 Euros or 40% of all contracting (914.150.259 Euros).

## CONCLUSIONS

Romanian rural area has proved, over time, as "keeper" of the moral and material values very important, and just for these reasons, they can prove the competitiveness and vital role in the national economy.

By accessing the EU grants is create real opportunities for development of the Romanian rural area, on many and varied directions. The impact that European funding programs has on improving the quality of life in rural area, is materialized in expectations as: increasing farmers' incomes, ensure food security, increasing the share of VAB agriculture in GDP, increasing employment, improving the health status of population, environmental conservation, increasing the number of young people established in rural areas, reducing migration for employment abroad, increasing education, recognition and promotion of tourist zones, exploiting traditions and rural culture.

The Impact of financial allocation of approximately 2 billion Euros, to improve the quality of life and diversification of rural economy, it is perceived and analyzed by specific indicators. By perspective of economic and social assessing, the indicators are classified into 2 main groups: common indicators related to each measure and additional indicators (they are grouped into common indicators and national indicators). In terms of the investment effects of projects submitted at funding programs (the main for agriculture and rural development is NPRD) we identify 3 categories of indicators: achievement, results and impact. The analysis of

these indicators allows the quantitative and qualitative feedback on the achievement of goals by each axle.

Currently, the programs with non-reimbursable financing from European funds are a support for national economic interests and a very positive incentive for progress in all sectors of activity in Romania. Although during the nearly 20 years of transition from centralized economy to market economy, was noted some steps in overall economic development, with integration into European Union, exists the real opportunities to increase the rhythm of progress. Agriculture – the economic development way of countries with solid economy – is a vital pylon for recovery and boosting the Romanian economy. The agriculture is a domain suitable for expression of entrepreneurship and ability to demonstrate the existence of a real capacity to follow the correct way of socio-economic development.

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