

SUSTAINABLE DEVELOPMENT OF THE MOUNTAIN AREA THROUGH TARGETED INVESTMENT PROGRAMMES

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Abstract

The Mountain Law, No. 197 of July 20, 2018, regulates the methods of protection and sustainable and inclusive development of the mountainous area through the valorization of natural and human resources, improvement of living standards, population stabilization, preservation of cultural identity, and increase in economic power at the local and national levels, all while maintaining ecological balance and protecting the natural environment. The mountainous area of Romania is considered a special, strategic, economic, social, and environmental territory of national interest. Due to limitations in the use of agricultural land caused by altitude, climate conditions, slopes, geological substrate, high costs of works, living conditions, infrastructure, business environment, access to education, and medical services, it is considered disadvantaged. Through the Mountain Law, the approval of the Program for Encouraging Activities in the mountainous area is granted, with an allocation of 1 billion euros over a period of 10 years from its entry into force, from the state budget, through the budget of the Ministry of Agriculture and Rural Development. This Program serves as a source of support for performance in the agricultural and non-agricultural sectors. There are funding programs for investments in three areas aimed at the residents of the mountainous area: Investments for the establishment of milk collection and/or processing centers; Investments for the establishment of mountain pastures; Investments for the establishment of primary collection and processing centers for forest fruits, mushrooms, and/or medicinal and aromatic plants. Beneficiaries of the investment programs can be individual authorized persons, individual enterprises, family enterprises, producer groups, agricultural cooperatives, legal entities, and legal entities engaged in agriculture and/or the food industry. Eligible beneficiaries, regardless of the type of investment they choose, must cumulatively meet the following conditions: operate in the mountainous area, access only one type of investment once throughout the entire Program period, and not have received similar support under the National Rural Development Program (PNDR) 2014-2020, including during the transition period.

Key words: investment programs, mountainous area, Mountain Law, rural development

Mountain areas are areas marked by specificity. Due to the altitude, flanks and climate, they are considered ecologically fragile and they are economically and socially disadvantaged due to natural causes, which requires specific management and a growing support. Mountain areas must benefit from a strategy and from protection and development integrated policies, because they constitute a common heritage, whose value must be recognized and preserved.

By means of Emergency Ordinance 120/2022, the following laws were amended, regarding the encouragement of activities in the mountain area: Law no. 296 of 2018 regarding the approval of the Investment Program for the establishment of milk collection and/or processing centers in the

mountain area, Law no. 332/2018 regarding the approval of the Investment Program for the establishment of mountain sheep yards, Law no. 333/2018 regarding the approval of the Investment Program for the establishment of centers for the collection and primary processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area.

The support package of the mountain area became operational through the adoption in the Government Meeting of October 12, 2022 of three Decisions establishing the values of the financing schemes for the year 2022, the eligibility conditions, the eligible expenses, the method of granting the financing, as well as the methods of verification and control within the following investment programs concerning

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the following: the establishment of mountain sheep yards; establishment of milk collection and/or processing centers in the mountain area; the establishment of collection centers or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area. The National Agency of the Mountain Area, subordinate to the Ministry of Agriculture and Rural Development, as the authority responsible for managing state aid schemes, will run the Investment Programs until the end of 2022, and the related payments will be made until December 29 2023.

The investment programs contribute to the development of the mountain area and the superior valorization of mountain products, limiting the decline of the primary production sector in order to ensure domestic consumption and maintain and create new jobs, with a special emphasis on stopping depopulation. The authority responsible for administering the Program is the Ministry of Agriculture and Rural Development through the National Agency of the Mountain Area.

MATERIAL AND METHOD

The research focuses on legislative aspects related to the Program for Encouraging Activities in the mountainous area, referring to the development of relevant legislation regarding compliance and eligibility, evaluation, as well as their implementation.

Research methods included studying documents such as laws, government decisions, ministerial orders, guidelines, and internal documents, as well as observation or content analysis. Data were collected and interpreted from official public sources: the National Agency of the Mountain Area, the Ministry of Agriculture and Rural Development, and the Eurolex website. The goal was to collect, synthesize, and process data from these sources. The projects target the extended mountainous area - established by the Joint Order MADR 97/MDRAP1332 from 2019.

RESULTS AND DISCUSSIONS

The investment programs are intended for the extended mountainous area, as defined by the joint order of the Minister of Agriculture and Rural Development No. 97/19.02.2019 and the Minister of Regional Development and Public Administration No. 1.332/14.03.2019 approving the criteria for delimitation and the list of localities in the mountainous area. This delimitation of the mountainous area in Romania, established in 2019,

was based on the provisions of the Mountain Law No. 197/2018, outlined in Chapter II, Article 2.

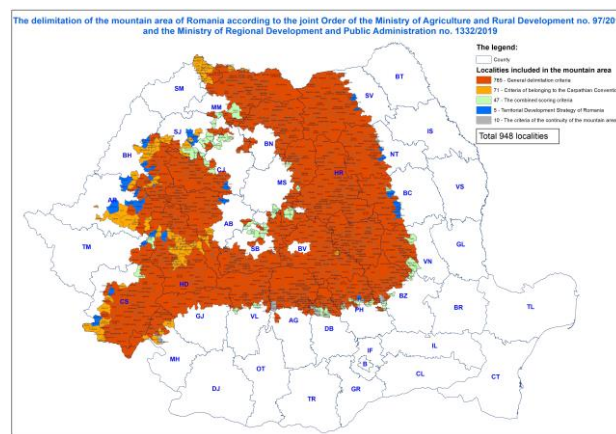


Figure 1 The delimitation of the mountain area of Romania

Specific objectives of the programs:

- Superior valorization of mountain products,
- Limiting the decline of the primary production sector in order to ensure domestic consumption, maintain and create new jobs, with special emphasis on stopping the depopulation of the mountain area,
- The economic-social development of the mountain area in the context of ensuring the well-being of the population.

Economic and social impact

- The presence on the market of mountain products with high quality certification;
- The Jobs;
- Additional income, increasing the level of well-being;
- Development of public-private partnerships (administrations - NGOs) with the aim of capitalizing on local potential;
- Local, national valorization of traditional, agricultural, ecological products;
- Equipping and modernizing the farms of small agricultural producers;
- The possibility of accessing professional training programs for farmers and in agricultural and non-agricultural fields;
- Rejuvenation of managers of agricultural holdings;
- The possibility of exporting organic, traditional agro-food products to the community market;
- The establishment or development of associative forms regardless of field in order to increase the economic competitiveness of the territory, increase the quality of life and

increase the retention rate of young people within the territory;

- The growth of the SME sector, especially in agriculture, industry and tourism, along with the creation of new jobs.

These programs were notified to the European Commission (EC) in June 2019.

The changes imposed by the European Commission primarily concern the following:

- The intensity of support granted – reducing the maximum intensity from 90% to 50% for investments related to processing, with a maximum intensity of 90% only possible for collection activities.

- Only investments in the primary processing of agricultural products are permitted

- Defining eligible beneficiaries

- The deadline for signing financing contracts: 31.12.2022

- The deadline for making final payments under the program: 29.12.2023

- Government decisions related to state aid schemes must be adopted within 30 days of the approval of the Emergency Ordinance Project

- The authority providing aid is the Ministry of Agriculture and Rural Development, and the authority responsible for managing the schemes is the National Agency for Mountain Area

The legislative basis for the Program to Encourage Activities in the Mountain Area includes the following legal acts:

Emergency Ordinance No. 120 of September 7, 2022, regarding the amendment of certain normative acts regulating support programs for the mountainous area.

Government Decision No. 1238/2022 regarding the establishment of the funding scheme value for the year 2022, eligibility conditions, eligible expenses, funding allocation, as well as the verification and control methods for the investment program for establishing milk collection and/or processing centers in the mountain area.

Government Decision No. 1239/2022 regarding the establishment of the funding scheme value for the year 2022, eligibility conditions, eligible expenses, funding allocation, as well as verification and control methods within the investment program for establishing mountain pastures.

Government Decision No. 1240/2022 regarding the establishment of the funding scheme value for the year 2022, eligibility conditions, eligible expenses, funding allocation, as well as verification and control methods within the investment program for establishing collection centers or collection and processing centers for forest fruits, mushrooms, and/or medicinal and aromatic plants from spontaneous and/or cultivated flora in the mountain area.

The project submission session took place between October 25 and November 29, 2022. By the end of the session, a total of 198 investment projects were submitted and evaluated, of which 165 investment projects were declared eligible

The funds required for the aid schemes are provided from the state budget through the budget of the Ministry of Agriculture and Rural Development (MADR). MADR will allocate budgetary credits for this purpose to the National Agency for the Mountain Area (ANZM), acting as the implementing authority of the Program, from chapter 83.01 "Agriculture, forestry, fisheries and hunting," article 40.15 "Support for agricultural producers.

The three types of programs are as follows:

1. The investment program for the establishment of milk collection and/or processing centers in the mountain area:

The budget allocated to the financing scheme is 92,000,000 lei (18,655,960 euro).

The Program covers three types of investments:

- Milk collection centers.

- Milk processing centers

- Milk collection and processing centers

The beneficiaries of the investment programs can be:

- self-employed persons, individual enterprises and family enterprises;

- producer groups;

- agricultural cooperatives;

- legal entities;

- legal entities carrying out activities in agriculture and/or food industry.

The beneficiaries of the Program are animal breeders who operate in the mountain

area and gain the investment financed by the Program in the mountain area.

2. The investment program for the establishment of mountain sheep yards:

The beneficiaries of the Program are animal breeders who operate in the mountain area and gain the investment financed by the Program in the mountain area.

The budget allocated for 2022 is in the amount of 34,640,000 lei (7,024,374 euro).

At a maximum investment value of 300,000 lei (60,835 euro), the state aid intensity is 50%.

Beneficiaries of the Investment Program can be:

- authorized natural persons, individual enterprises and family enterprises;
- producer groups;
- agricultural cooperatives;
- legal entities;
- legal entities carrying out activities in agriculture and/or the food industry.

The applicants for state aid provided by the Program must cumulatively meet the following conditions:

- to be animal breeders;
- to carry out their activity in the mountain area;
- to access the investments for the establishment of mountain sheep yards a single time only during the entire duration of the Program;
- to not have received support through the National Rural Development Program 2014-2020, including during the transition period to the new Common Agricultural Policy, for the same eligible expenses related to the investments for the establishment of mountain sheep yards;

3. Investment program for the establishment of collection centers or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area

The budget allocated to the financing scheme is 93,000,000 lei (18,858,742 euro).

The beneficiaries of the investment programs can be:

- self-employed persons, individual enterprises and family enterprises;
- producer groups;

- agricultural cooperatives;

- legal entities;

- legal entities carrying out activities in agriculture and/or food industry.

Through the Program are taken into consideration two types of investments:

- Making investments in collection centers of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area

- Making investments in collection and processing centers of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area

The beneficiaries of the Program includes producers of forest fruits, mushrooms, and/or medicinal plants, and also agricultural producers from the mountain area.

CONCLUSIONS

For the National Agency of the Mountain Area (NAMA), the launch of the three investment programs represented the most substantial activity among the objectives set by ANZM through legislative acts. The successful execution of this activity involved several stages:

Submission for approval of the three draft Emergency Ordinances (EO) to amend laws no. 296/2018, no. 332/2018, and no. 333/2018, which later, at the request of the General Secretariat of the Government (SGG), were consolidated into a single EO, followed by the entire approval

Development and submission for approval of the three Government Decision (GD) drafts for the implementation of laws no. 296/2018, no. 332/2018, and no. 333/2018

Development and approval by ministerial order of applicant guides for the three programs

Development and approval of working procedures and instructions.

The three support programs for the mountain area aim to support farmers in the socio-economic development of this region. They target farmers/entrepreneurs in the extended mountain area (948 localities) and operate on the principle of state aid. The investment programs contribute to the development of the mountainous region and the higher valorization of mountain products, limiting the decline of the primary production sector to ensure domestic consumption and the maintenance and creation of new jobs, with a particular focus on reducing depopulation. The study can serve as the basis for future investment programs for the mountain area - and beyond, with national funding (state aid), while complying with European

Commission regulations: the development of relevant legislation and internal implementation guides/norms.

One of the significant benefits obtained was the establishment of derogations that simplified the sanitary-veterinary registration of mountain pastures by the National Sanitary Veterinary and Food Safety Authority (ANSVSA).

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- Law No. 197/2018 - Mountain Law;
- Law No. 334/2018 for the approval of the Program to encourage investments in the mountain area;
- Law No. 296/2018 approving the Investment Program for establishing milk collection and/or processing centers in the mountain area, with subsequent amendments;
- Law No. 332/2018 approving the Investment Program for establishing mountain pastures, with subsequent amendments;
- Law No. 333/2018 approving the Investment Program for establishing collection centers or collection and processing centers for forest fruits, mushrooms, and/or medicinal and aromatic plants from spontaneous and/or cultivated flora in the mountain area, with subsequent amendments;
- Joint Order of the Ministry of Agriculture and Rural Development No. 97/Ministry of Regional Development and Public Administration No. 1332 of 2019, approving the classification criteria and the list of localities in the mountain area, administrative-territorial units provided in Annex 2 to the respective order;
- Emergency Government Ordinance No. 77/2014 on national procedures in the field of state aid and amending and supplementing Competition Law No. 21/1996, with subsequent amendments;
- Regulation (EU) No. 1257/1999 on aid from the European Agricultural Guidance and Guarantee Fund (EAGGF) for rural development;
- Emergency Ordinance No. 120 of September 7, 2022, amending certain normative acts regulating support programs for the mountain area;
- Decision No. 1238/12.10.2022 on establishing the funding scheme value for the year 2022, eligibility conditions, eligible expenses, funding allocation method, as well as the verification and control procedures for the funding scheme within the Investment Program for establishing milk collection and/or processing centers in the mountain area;
- Decision No. 1239/12.10.2022 on establishing the funding scheme value for the year 2022, eligibility conditions, eligible expenses, funding allocation method, as well as verification and control methods within the Investment Program for establishing mountain pastures;
- Decision No. 1240/12.10.2022 on establishing the funding scheme value for the year 2022, eligibility conditions, eligible expenses, funding allocation method, as well as verification and control methods within the Investment Program for establishing collection centers or collection and processing centers for forest fruits, mushrooms, and/or medicinal and aromatic plants from spontaneous and/or cultivated flora in the mountain area;
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