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EUROPEAN FUNDS HELP ROMANIAN AGRICULTURE

Silvia Mazăre, *Drd., University of Political and Economic Studies, "Constantin Stere" Chisinau, Republic of Moldova*

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ABSTRACT

The EU Structural Funds are managed by the European Commission and are intended to finance structural assistance measures at Community level, with the aim of promoting regions with developmental delays, reconverting areas affected by industrial decline, combating long-term unemployment, employing young people or promoting rural development. The European Union is first and foremost an economic union. The central goal is to improve economic performance, including poverty reduction. Cohesion policy is the basic policy of the Structural Funds and is a key element in achieving the central goal.

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Introduction. The Community Structural Funds are the main instruments of the European Union designed to promote economic and social cohesion and solidarity. The Structural Funds are an important complement to national policies and, both directly and through leverage, contribute to the harmonious development of the European Union as a whole, as well as to the promotion of a sustainable environment [1]. Both are of great importance for achieving sustainable growth in the labor market and competition.

In order to maximize the role and contribution of the Structural Funds in promoting economic and social cohesion and strengthening local development, the partnership principle must be at the forefront of Structural Funds interventions and at the heart of the whole process of planning, implementing, monitoring and evaluating actions and programs. receiving support from the Funds.

Context. According to the basic principles of economic integration theory, increasing the degree of integration will lead to an increase in Gross Domestic Product at Community level and per capita income in each of the Member States. The catalyst in this case is the increase in competition between increasingly efficient companies, which operate in an increasingly large market.

It should be noted, however, that in the economic literature there are different approaches to the distribution of these effects. Thus, on the one hand, there are authors such as Krugman (1991) or Romer [2] (1986 and 1990), who believe that the process of economic integration will lead to increasing economic disparities between countries and regions, mainly due to the fact that the factor of production - capital will thus tend to be concentrated in the most developed regions.

On the other hand, neoclassical models of economic growth and comparative advantage consider that, as long as the mobility of production factors and the dissemination of technological information are not restricted, there will be a tendency to increase economic convergence, without the need for further interventions outside. As such, according to the latter theories, the differences in labor productivity and per capita income between different countries and regions are determined by the fact that the factors of production are insufficiently mobile (or even immovable) and / or prices are artificially determined.

The two approaches lead to the formulation of different alternatives in the case of Community regional policy (Solanes and Ramon, 2000). Thus, the first approach, also taken by the European Commission, is that market forces alone cannot solve regional inequalities and, as such, a system of support for lagging regions and countries is absolutely necessary.

Economic and social cohesion (ESC), ie reducing economic and social disparities between the richest and poorest states / regions, is a fundamental objective of the EU and not only because the existence of these gaps is considered to jeopardize the integrity of the internal market and EMU but also because their presence is incompatible with the principle of solidarity, a principle that presupposes the process of European integration.

The second approach supported mainly by the United Kingdom is in favor of an automatic convergence process and, as such, considers that the Community intervention system is useless or even harmful, since it reduces the mobility of production factors and impedes the process of economic adjustment.

On the other hand, there are authors (D. Tarschys, 2003 who give priority to the political dimension of structural interventions, emphasizing that structural policies are nothing more than the flexible companion of other inflexible Community policies (such as agricultural policy). As such, whenever, during the negotiations between the Member States, a moment of stalemate was reached and something else had to be sought "in order to overcome critical situations, this something else" was often represented by structural policies, intended to compensate for waivers made in the case of other policies.

The European Agricultural Guidance and Guarantee Fund (EAGGF) − the "Guidance" section − is the structural fund for the common agricultural policy of the European Union, which supports measures to modernize agriculture and rural development [3].

The "Orientation" section contributes to the support of less developed regions, by improving the efficiency of production structures, processing and marketing of agricultural and forestry products, as well as the development of local potential in rural areas.

The "Guarantees" section of this fund, which is not of a structural nature, contributes to rural development under the Common Agricultural Policy in areas with structural difficulties.

Eligible measures:

1. investments in agricultural holding companies;
2. initial support for young farmers;
3. professional training;
4. support for early retirement schemes;
5. compensatory allowances for disadvantaged areas;
6. agri-environmental measures;
7. processing and marketing of agricultural products;
8. development and promotion of forests;
9. measures for the adaptation and development of rural areas. Measures for the common agricultural policy shall be financed from the Community budget through the European Agricultural Guidance and Guarantee Fund (EAGGF). The creation of the Fund was provided for from the outset in the EEC Treaty (Article 40). Basically, the Fund was established in 1962, the official act giving it the legal basis being EEC Regulation 25/1962, as amended by EEC Regulation 728/1970 and EC Regulation 1258/1999 [4].

The establishment of the EAGGF represents the realization of the principle of financial solidarity established in Stresa, which implies the joint financing of common measures. In fact, this means that some countries partially subsidize the agriculture of other countries. In general, net contributing countries are also those that want to reform the current CAP system, in order to reduce agricultural spending.

There are two distinct funding lines within the Fund: the guarantee section and the guidance section.

A. The Guarantee Section finances:

- functioning of common market organizations
- rural development measures in the first category, accompanying measures, as well as rural development measures in the second category, modernization and diversification of agricultural holdings, but not covered by Objective 1 of the Regional Policy
- veterinary (animal health and animal husbandry) and phytosanitary measures

- general information and evaluation measures.

B. The Guidance Section finances rural development measures in the areas covered by Regional Policy Objective 1, namely:

- investments in agricultural holdings and in activities of processing / marketing of agricultural products
- rejuvenation of the agricultural population
- professional training activities
- stimulating the development of non-agricultural activities.

This section also funds the Leader + program.

Leader + is a Community program whose aim is to encourage partnerships and the exchange of best practices at European level in order to promote sustainable agriculture. The concept of sustainable agriculture refers to the management of natural resources on a rational basis, leading to their preservation in good conditions in the long run.

The program provides co-financing for the following actions:

- Development of integrated pilot strategies for territorial development (top to bottom)
- Cooperation between territorial rural communities
- Networking
- Technical support

Priority is given to projects that aim to:

- Make the most efficient use of natural and cultural resources and thus capitalize on the specifics of the location
- Improve the quality of life in rural areas
- Add added value to area-specific products, in particular by promoting their market through collective action
- Use recent knowledge and techniques to increase the competitiveness of products and services in rural areas.

The EAGGF-Guidance is, together with the European Regional Development Fund, the European Social Fund, and the Financial Instrument for Fisheries Guidance, one of the four Structural Funds which finances the economic and social restructuring of the less developed areas of the European Union. The funds allocated to the EAGGF-Guidance shall be consumed on the basis of multi-annual development programs presented by the Member States at the beginning of each financial year.

Funds not consumed at the end of a financial year are not carried over, and if their absorption capacity is below 75%, the funds for the following year are reduced by one third of the amounts not consumed.

An important point to note is that, unlike market measures, rural development measures require Member States to co-finance. The EAGGF is governed by an Advisory Committee composed of the representatives of the Member States and of the Commission [1].

At Member State level, the operational structures managing agricultural financial transfers are the Paying Agencies.

There may be several Agencies in a Member State, provided that one of them has an integrative role and is the Commission's dialogue partner. Payments to beneficiaries are made on the basis of complex procedures for verifying the eligibility of financing operations [1].

The Paying Agencies send monthly statements of expenditure to the Commission, and annually, all supporting documentation, after verification that the Commission regularizes the payments, respectively orders the reimbursement or recovery of amounts. The Commission, for its part, shall draw up the annual financial report and forward it to the Council and Parliament for approval, no later than July of each year.

<u>Cohesion Fund.</u>

The purpose of this Fund is to enhance economic and social cohesion in the Community, with a view to promoting sustainable development.

The Fund shall intervene for actions in the areas listed below, respecting the right balance and taking into account the investment and infrastructure needs specific to each beneficiary Member State:

1. The trans-European transport networks, in particular the priority projects of common interest listed in Decision no. 1692/96 / EC

2. The environment shall be one of the priorities of Community policy on environmental protection as defined in the program of environmental policy and action. In this context, the Fund may also intervene in areas related to sustainable development that have clear environmental benefits, such as energy efficiency and renewable energies, and in relation to transport unrelated to trans-European networks, rail transport, transport. on inland waterways, maritime transport, intermodal transport systems and their interoperability, road, sea and air traffic management, specific urban transport and public transport;

3. The right balance of assistance shall be defined by partnership between the Member States and the Commission.

Major projects.

Through this fund, major projects can be financed, by major project is understood the project that includes a set of works, activities or services intended to fulfill an indivisible function of a clear economic or technical character, which pursues clearly identified objectives and whose cost in total it exceeds EUR 25 million for the environment and EUR 50 million for other areas.

Commission with the following information on major projects:

- Information on the body that will be responsible for the application;
- Information on the nature of investments and their description, as well as the financial package and its location;
- Results of feasibility studies;
- A timetable for implementation and, if the period of application of the operation in question should be longer than the programming period, the tranches for which Community co-financing is requested for the 2007-2013 programming period;
- A cost-benefit analysis containing a risk analysis as well as a foreseeable impact on the sector concerned and on the socio-economic situation of the Member State and / or the region and, if possible, other regions of the Community;
- An analysis of the environmental impact;
- Justification of public participation.

The financing plan shall contain the total amount of financial resources foreseen and the amount foreseen for the contribution from the Funds and from any other source of Community financing, including the annual indicative financial contribution plan from the ERDF or the Cohesion Fund for that project.

Conclusions. The Commission shall evaluate the major project in consultation with external experts, as appropriate, verifying its coherence with the priorities of the operational program, the contribution to the achievement of objectives, priority and coherence with other Community policies and take a decision within three months of submission. a major project by the Member State or managing authority. Romania pays special attention to stimulating investments and attracting European funds for agriculture. The beneficiaries of these payments are farmers, processors, entrepreneurs and local public authorities in Romania, who are committed to carrying out ambitious projects, with positive economic impact, long term, designed to contribute to the development of rural areas, through efficient and profitable investments, to European standards.

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