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## ANALYSIS OF THE IMPACT OF THE IMPLEMENTATION OF PROJECTS DEDICATED TO THE RURAL AREAS FROM THE WEST REGION OF ROMANIA

### ABSTRACT

The present paper intends to highlight the impact of projects dedicated to the rural areas from the West Region of Romania, in the context of sustainable development, raising stakeholders' awareness in the implementation of European funded projects, which, approached with eagerness and professionalism, would respond to the institutional development needs and at the same time would implement a series of changes that are absolutely necessary and important for the rural area progress.

Therefore, following our analysis, we tried to find the causes of the low absorption level of funds devoted to the Romanian rural area from the West Region (NRDP in particular), the deficiencies that have to be retrieved in the process of implementing these projects, as well as the solutions to the problems highlighted following the analysis made together with a group of consultants in EU funding.

**Key words:** impact, implementation, projects, rural area, West Region of Romania.

**JEL Classification:** R510 Finance in Urban and Rural Economies.

### 1. INTRODUCTION

During this scientific research work, we conducted a study on the implementation impact of projects funded from EU and budgetary funds on the rural area, the implementation stage of the **National Rural Development Program for the period 2007-2013** (the implementation stage being July 11, 2013), NRDP. The scientific research work had in view four very generous objectives, namely:

1. Analysis of NRDP funds absorption and their impact upon the Romanian rural space, personalized for Romania's West Region
2. Analysis of approach differences between the programming period 2007-2013 and the programming period 2014-2020 in terms of identified priorities in the development of Romania's West Region
3. Analysis of negative aspects of the Romanian rural area that are reflected in the low absorption of EU funds for the rural area from Region West

4. Analysis of negative aspects identified with regard to the EU funding in rural areas, mainly in the relation with the Management Authority for NRDP (MA NRDP) and with the Agency of Payments for Rural Development and Fisheries (APRDF) Timișoara.

In order to reach these objectives, a survey was conducted on the market of consultants who operate with projects funded under NRDP, by interviewing them about the respective objectives.

## **2. STATE OF KNOWLEDGE**

On July 11, 2013, according to the data presented by APRDF Timișoara, the Region West benefited from only 51.31% of the contracted amounts under the NRDP funding measures, which is an extremely low share, which negatively impacts the activity in the rural area of this region, resulting in disparities and disorders in the current activity of a series of economic operators from the rural area of Region West.

Another aspect worth mentioning is that the highest absorption level in the Region West was noticed in Timiș county, with 53.88%, followed by Hunedoara county with 52.13% and Arad county with 49.33%; the county Caraș Severin is on the last place, with 49%. The next chapters present the number of concluded contracts, the public value of contracts, the value of payments effected to the beneficiaries as well as the absorption level by NRDP measures and for the Region West.

These aspects imposed a thorough analysis of what happened in this period, with the identification of real development opportunities for the rural area with the establishment of real action and control measures and obviously with firm actions in order to lead to economic and social growth in the Region West.

## **3. MATERIAL AND METHOD**

The paper attempts to identify the main difficulties and deficiencies experienced by the beneficiaries of projects devoted to the rural areas funded by EU funds as a result of the negative influence of certain categories of factors. These objectives will be reached by an analysis of the design of such projects elaboration and of project management by the beneficiaries of EU funds under NRDP and the way in which this was materialized into successful projects. The conclusions of this study as regards the problems met in the management of EU funds devoted to the rural area in the period 2007-2013 will find their applicability in the next period, i.e. 2014-2020, when the Romanian experts in projects with EU finance will have to prove more professionalism and more efficiency in the administration of non-refundable funds. Thus, the importance of study resides both

in the actuality and importance of the subject, as well as in the fact that it aims at completing the existing theory and practice in these intermingling domains: EU funds, sustainable development, rural area, project management, institutional development, convergence; in these fields studies and research works are necessary that should contribute to performance increase.

As regards the **research methodology**, the paper starts with a research study based on **secondary sources** that combines a series of methods and techniques adapted to the objectives, a bibliographic study based on scientific documentation; it goes through several stages, namely: information on sources, data collection, study of documentation sources and their grouping, evaluation and thorough analysis of all these in order to reach the proposed objective. The last stage of scientific documentation was the utilization of sources, which presupposed the preparation of documentary information utilization for the research study. The main utilized method is represented by the content analysis.

The comparative method is another utilized method, used to highlight the characteristics of certain concepts that have been used. The scientific documentation is combined with the direct documentation to investigate the practical reality, while providing information on the domain in which the research theme is integrated. The analysis and interpretation of data that characterize the investigated domain outlined the problem that lies at the basis of the construction of research work. As the documentation is a stage not only necessary for the research study, but also a very important stage in knowing the scientific background that lies at the basis of the research work, the secondary research was based both on electronic sources (available databases on different specialty websites, institutional web pages) and on typed sources (books, studies, guidebooks, periodicals).

The paper mainly focuses on the collection and analysis of information on the European project development and management practice in Romania's rural areas. The research study under this scientific approach made it possible to re-order the existing knowledge and information on the approached theme with regard to certain concepts, definitions, hypotheses, while highlighting certain deficiencies in the previous approach to the theme under investigation as well as suggesting new research issues.

The paper also contains research from **primary sources**. The core research represented a cyclical process that began with the presentation of the problem, definition of scope, dividing the problem into sub-problems, providing solutions through hypotheses, organization and analysis of data and finally providing solutions to problems through the formulation of recommendations and solutions, information disconfirmation or confirmation of certain hypotheses. The research method used was the interview-based qualitative exploration. The data were processed on the basis of statistical methods such as analysis of frequencies, analysis of correspondences and the correlation analysis of independent variables with dependent variables.

#### 4. RESULTS AND DISCUSSIONS

The objectives of the research study presented in the introduction were developed in this chapter; it must be mentioned that for the last two objectives a survey on the market of consultants was conducted, for those consultants who operate projects funded through NRDP, by interviewing five of these on the respective two objectives. The relevant conclusions following these interviews will be mentioned in the presentation of the two objectives and of the conclusions drawn from the analysis.

##### **Objective 1. Analysis of the absorption of funds from NRDP and their impact upon the Romanian rural area, focusing on Romania's West Region.**

On July 11, 2013, the implementation of projects devoted to the rural area from the Region West had the following situation in table 1.

The table 2 presents the number of concluded contracts, the public value of contracts, the value of payments to beneficiaries as well as the absorption of funds by NRDP measures for the Region West.

From these statistical data it results that a higher absorption level for the Region West is noticed by the following NRDP measures:

- MEASURE 1.2.3 “Adding value to agricultural products” – XS 28/2008 – 86.71%
- MEASURE 431 “LAG operation” Sub-measure 431.1 “Public private partnership building” – Stage 3 “Financial support for preparing the files for LAG selection” – 86.11%
- MEASURE 1.2.3 “Adding value to agricultural products” – XS 13/2008 – 80.69%
- MEASURE 1.1.2 “Setting up young farmers” – 73.89%

On the other hand, the lowest absorption rates in Region West are found under the following NRDP measures:

- MEASURE 1.2.2. “Adding economic value to forests” – 0.00%
- MEASURE 1.2.5.c “Infrastructure construction, rehabilitation and modernization works for prevention and protection against flooding” – 0.00%
- MEASURE 2.2.1. “First afforestation of agricultural land” – 0.00%
- MEASURE 3.2.2 d) “Investments in the rehabilitation and modernization of road infrastructure affected by flooding in the year” – 0.00%
- MEASURE 41 “Implementing local development strategies” – 1.59%
- MEASURE 431.2 “Functioning of Local Action Groups, acquisition of skills and territory animation” – 13.70%.

*Table 1*  
Implementation of projects for the rural area from Region West

Measure	County	No. of contracts	Public value of contracts – EURO	Value of payments to beneficiaries – EURO	Absorption level
REGION WEST TOTAL JULY 2013 CR 5	Region	5,673	590,107,534.85	302,807,880.89	51.31%
	AR	1,390	132,915,255.00	65,564,784.32	49.33%
	CS	1,644	148,323,243.00	72,685,163.03	49.00%
	HD	1,554	106,200,316.52	55,358,620.37	52.13%
	TM	1,085	202,668,720.33	109,199,313.18	53.88%

Source: APDRP Timisoara Agency

*Table 2*  
Absorption of funds by NRDP measures in the Region West on July 11, 2013

Measure	Region	No. of contracts	Public value of contracts – EURO	Value of payments to beneficiaries – EURO	Absorption level APDRP Timișoara
MEASURE 1.1.2 “Setting up young farmers”	West	1323	31010000.00	22914353.96	73.89%
MEASURE 1.2.1 “Modernization of agricultural holdings”	West	226	87758629.00	52327360.67	59.63%
MEASURE 1.2.2. “Adding economic value to forests”	West	1	6829.00	0.00	0.00%
MEASURE 1.2.3 “Adding value to agricultural products ”	West	79	80277867.00	32518437.20	40.51%
MEASURE 1.2.3 “Adding value to agricultural products ” – XS 13 / 2008	West	8	1861233.00	1501846.71	80.69%
MEASURE 1.2.3 “Adding value to agricultural products ” – XS 28 / 2008	West	10	4778087.00	4143265.05	86.71%
MEASURE 1.2.3 “Adding value to agricultural products” – N 578 / 2009	West	22	15003130.00	2975098.46	19.83%
MEASURE 1.2.5. “Improvement and development of infrastructure in relation to agriculture and forestry development and adaptation”	West	42	46189905.00	12267039.16	26.56%
MEASURE 1.2.5.c “Infrastructure construction works, rehabilitation and modernization for prevention and protection against flooding”	West	2	1651177.00	0.00	0.00%
MEASURE 1.4.1. “Support to semi-subsistence”	West	3245	24337500.00	11166000.00	45.88%
MEASURE 1.4.2. “Setting up producer groups”	West	3	788287.63	333391.49	42.29%
MEASURE 2.2.1. “First afforestation of agricultural land”	West	4	141116.70	0.00	0.00%
MEASURE 3.1.2 “Support to the establishment and development of micro-enterprises”	West	390	49354018.00	32092988.13	65.03%
MEASURE 3.1.3 “Encouraging tourism activities”	West	164	27561373.00	4569572.09	16.58%
MEASURE 3.2.2 “Village renovation and development, improving the basic services for the rural economy and population and putting into value the rural heritage”	West	86	209093321.00	124966312.64	59.77%
MEASURE 3.2.2 d) “Investments in the rehabilitation and modernization of road infrastructure affected by flooding in the year 2010”	West	4	2661014.00	0.00	0.00%
MEASURE A 41 “Implementing local development strategies”	West	44	1599031.00	25500.00	1.59%
MEASURE 431 “LAG operation” Sub-measure 431.1 “Public private partnership building ” – Stage 3 “Financial support for preparing the files for LAG selection”	West	7	248307.52	213809.72	86.11%
MEASURE 431.2 “Functioning of Local Action Groups, acquisition of skills and territory animation”	West	13	5786709.00	792905.59	13.70%
NRDP TOTAL – REGION WEST		5673	590107534.85	302,807,880.89	51.31%

Source: APRDF Timișoara Agency.

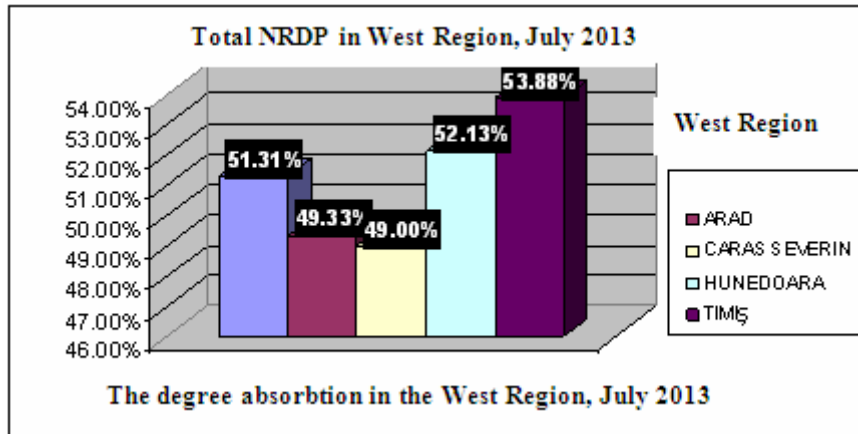


Figure 1. Absorption level in Region West – July 11, 2013 – NRDP TOTAL.

While in the case of certain measures such as MEASURE 1.2.2. and MEASURE 3.2.2 d) the expectations were not very great, in the case of other measures such as MEASURE 1.2.5.c “Infrastructure construction, rehabilitation and modernization works for prevention and protection against flooding”, MEASURE 2.2.1. “First afforestation of agricultural land”, MEASURE 41 “Implementing local development strategies” and MEASURE 431.2 “Functioning of Local Action Groups, acquisition of skills and territory animation”, the extremely low absorption level did not generate the envisaged growth by NRDP for the Region West, which led to the perpetuation of certain deficiencies and weaknesses that were also noticed in the previous programming periods, which are still noticed in the current period.

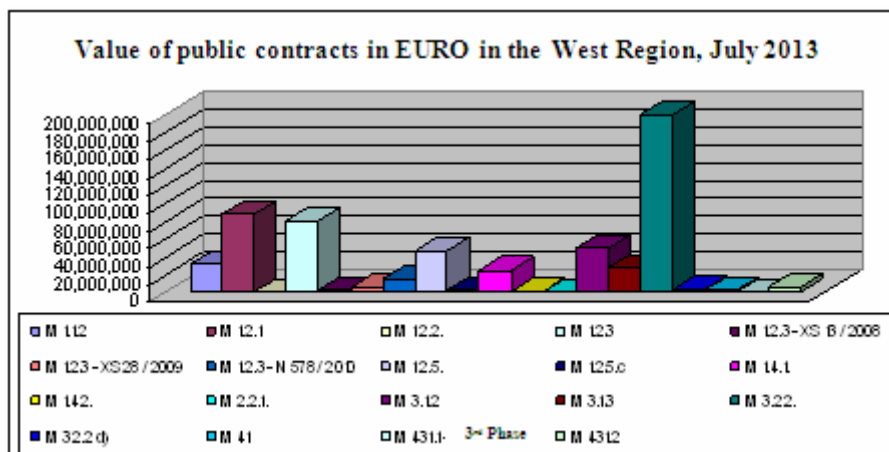


Figure 2. Value of concluded contracts by NRDP measures – Region West – July 11, 2013.

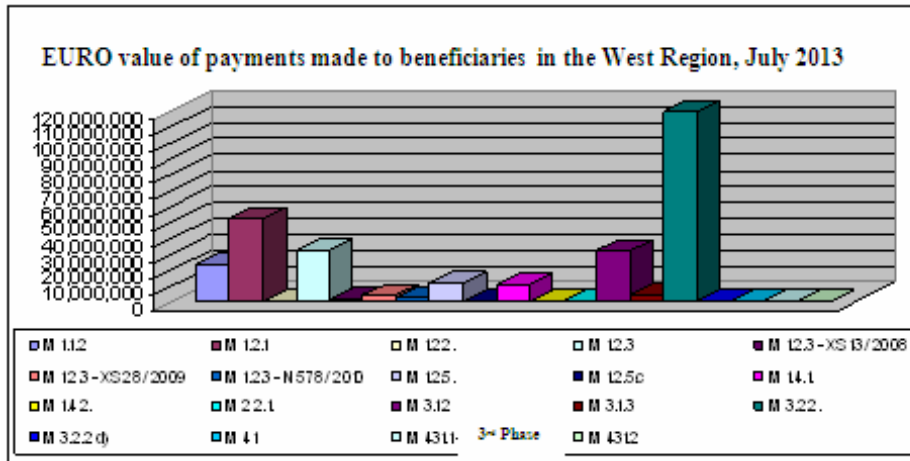


Figure 3. Value of effected payments by NRDP measures - Region West – July 11, 2013.

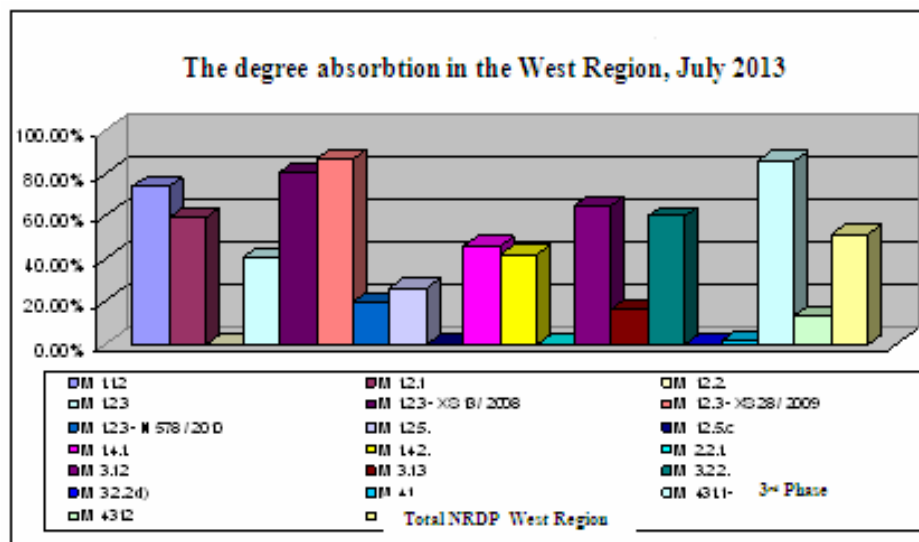


Figure 4. Absorption level by NRDP measures – Region West – July 11, 2013.

**Objective 2. Analysis of approach differences between the programming period 2007-2013 and the programming period 2014-2020 as regards the priorities identified in the rural area development for Romania’s West Region.**

Following the comparative analysis of the indicators within the SWOT Analysis of the Region West in 2007 for the programming period 2007-2013 versus the analysis from 2013 for the programming period 2014-2020, both under the coordination of ARD West, the following findings were obtained:

1. A series of elements presented in the chapter **threats in the SWOT Analysis of the Region West in 2007 are still found** under different forms in the **SWOT Analysis of 2013**, also as **threats for the programming period 2014-2020**, structured as follows:

- a) characteristic elements of **rural development**
- b) characteristic elements of **agriculture**
- c) characteristic elements of **forestry**

2. There are numerous opportunities that are also found in the **SWOT Analysis of Region West in 2013 for the programming period 2014-2020**, most of them being found in the **SWOT Analysis of the Region West in 2007 for the programming period 2007-2013**, resulting that in spite of investments made in the period 2007-2013, **not all these opportunities were put into value so as to be transformed into strengths**. These opportunities were grouped as follows:

- a) characteristic elements of **rural development**
- b) characteristic elements of **agriculture**
- c) characteristic elements of **forestry**

3. From the research study, it results a very serious situation, namely the transformation of certain threats from the **SWOT Analysis of the Region West from 2007 for the programming period 2007-2013** into weaknesses of the **SWOT Analysis of the Region West from 2013 for the programming period 2014-2020**. This proves that **not all the steps have been taken for putting into value and protection of the Romanian rural area**. These elements can be classified as follows:

- a) elements of **demographic nature**
- b) elements characteristic for the rural area economy – **agriculture**
- c) elements characteristic for the rural area economy – **forestry**
- d) elements characteristic for the rural area economy – **rural tourism**
- e) elements characteristic for the rural area economy – **industrial sector**
- f) elements of **social nature**
- g) elements of **ecological nature**

For the next period, a thorough analysis is absolutely necessary of what happened in this period, with the identification of the real development opportunities for the rural area, with the establishment of real action and control measures and certainly with firm actions so as to lead to the economic and social growth of the Region West; the analysis should take into consideration that the former programming period developed slowly at all levels, and with regard to the economic development of the rural area, the finance targeted to this area reached the initial development goals only to a very low extent.

**Objective 3. Analysis of the negative aspects of the Romanian rural area that are reflected in the low absorption of funds from the European Union for the rural area of the Region West**



In order to reach this objective, a survey was conducted on the market of consultants who operate with projects funded under NRDP, by interviewing five most experimented experts as regards the investigated aspects. These experts provided answers with regard to the weaknesses of the Romanian rural area that they noticed in their current advisory activity carried out under the rural area organizations.

Following these discussions, certain aspects resulted concerning the structural, identity, operational and social causes of the insufficient development stage of the Romanian rural area; these causes have a direct influence upon the absorption of EU rural development funds, mainly under NRDP.

The relevant conclusions following these interviews were structured under the form of **weaknesses, causes of the very low absorption level of funds provided for rural area by NRDP, namely:**

- a. aspects linked to farmer specificity in Romania
- b. aspects linked the population's material and information base in the Romanian rural area
- c. aspects linked to the existing institutional system in the Romanian rural area
- d. aspects linked to the existing specific market in the Romanian rural area
- e. aspects linked to the current situation and specific problems of the Romanian rural area
- f. aspects linked to the current social and gnoseologic reality of the Romanian rural area.

**Objective 4. Analysis of negative aspects identified by the European funding consultants in the area of rural finance operation, in the relation with MA NRDP and with APRDF, mainly APRDF Timișoara.**

**The Study on the rural area development following the implementation of the National Rural Development Program for the period 2007-2013** (the implementation stage being July 11, 2013), respectively the impact of implementing these projects funded from EU funds and budgetary funds upon the rural area, personalized for the NRDP implementation stage, ends up with **the analysis of negative aspects identified by the EU funding consultants in the area of rural finance operation, in the relation with MA NRDP and with APRDF, mainly APRDF Timișoara, with significant impact for the low absorption level for the projects funded under NRDP.**

The survey conducted with the help of consultants who operate projects funded under NRDP both in the process of project design and writing and in the whole process of these projects implementation, by interviewing five of these consultants, resulted in a series of considerations related to this last objective, namely highlighting the negative aspects identified by the European funding consultants in the rural finance operation, in the relation with MA NRDP and with APRDF, mainly APRDF Timișoara.

The relevant conclusions following these interviews will be mentioned below, revealing all the **negative aspects that were found, namely:**

**a. Negative aspects of institutional and organizational nature:**

- Lack of predictability:
  - delayed publication and non-respecting the schedules of project submission sessions
  - prolongation of sessions at very short time before the expiry of session under way or even after the finalization of initial term
  - the publication of applicant's guidebook at very short time before the opening of the session, followed by the publication of the final variant at the opening of the session and with the modification of certain scoring criteria
- Lack of a unique system for centralizing the information referring to NRDP finance
- Establishment of certain conditions with a positive discrimination character with obvious effects with regard to distorting the competition between projects: additional scoring with high values (up to 20 scores) for certain activity sectors: traditional crafts, vet clinics or categories of applicants: women, young people (up to 40 years of age). The large number of eligible projects that cannot be financed indicates that these criteria are not relevant.
- The systematic absence from the eligible applicants of the cooperative societies established under the conditions of Law no.1/2005 on co-operation organization and operation, in spite of the provisions of Art. 105 of Law no. 1 by which the state guarantees for the cooperative societies a regime that should not be less favourable than that of other economic operators.
- Administrative aspects:
  - obligation to present your own available financial resources under the form of the statement of account or of the comfort letter at application submission and not at contracting
  - administrative checking up on the spot when submitting the application
  - the same complicated procedure as regards the documents to be submitted and the formalities, either in the case of payment application for a lump sum for the semi-subsistence farms (1,500 euro/year) or of a substantial repayment application
  - excessive formalism of documentations
  - constant modifications of the repayment applications formats
  - lack of flexibility of the check grids which may lead to absurd applications such as the setting into operation protocol in the case of certain furniture pieces (chairs)
  - long duration of the evaluation process.

**b. Negative aspects in the design and writing of projects funded under NRDP:**

- Very short periods between the publication of the applicant's guidebook and the submission of funding files (30 days in general), compared to the period of project verification and evaluation (from 9 to 12 months – see the last submission session Measure 312 with submission deadline September 2012, the evaluation has not been completed so far).
- The NRDP structures (county offices and regional centers) have not sufficient staff to make the evaluations under reasonable terms (3-6 months), this being reflected in evaluation periods that exceed one year
- The applicant's guidebook was not explicit enough with regard to the form of certain documents or certain eligibility conditions; after certain approaches were made and "pressures" upon the APRDF management staff, the conformity, eligibility and selection checking up fiches were made public, so that the beneficiaries could know all the aspects checked up by the evaluator
- The staff from the NRDP structures is not trained enough – additional information or modifications of financial projections are required under an unjustified basis
- Rejected projects without asking for eligibility clarifications, although the verification procedure permitted this
- Carelessness in project evaluation – Measure 313 session 2012
- Large volume of documents required at project submission for the private beneficiaries that imply costs, without having the subsequent recovery possibility, in case the project is not approved
- Requirements from the part of evaluators with regard to the presentation of certain documents that exceed those provided for in the applicant's guide
- According to the mentality existing in the APRDF structures (county offices), "the less projects are approved, the better for us" and the employers are paid for the number of worked hours and not according to the work volume or by the number of verified projects.

**c. Negative aspects in the implementation of projects funded under NRDP**

- After insistence and "pressures", the procedures of verification of acquisitions and of payment files were made public
- Difficult verification procedures with regard to the acquisitions that lead to delays in their finalization
- 30 work days in total (without taking into consideration other terms imposed by Government's Emergency Ordinance no. 34/2006) for checking up something of which no one is in charge except for the contracting authority (i.e. the investment beneficiary).

- Taking into consideration the fact that certain procedures cannot be initiated in parallel (for instance the acquisition of works can take place only after the completion of the acquisition of TP design services and TP approval by the Technical Verification Service – the finalization terms of acquisitions exceed the 12 months established through the funding contract.
- In order to approve the direct acquisitions, documents are required that exceed the legislation into effect Government's Emergency Ordinance no. 34/2006
- Errors in the system – in the case when legislation modifications occur with regard to acquisitions, APRDF issues internal norms regarding the modification of verification procedures for the Acquisitions Service. Yet these are not correspondingly modified in other services under the structure.
- Very large volume of documents required for the tranche of payments
- Initially, the repayment term for the payment applications was 90 days (very long); later on, as a result of the measures targeting the absorption increase acceleration, this was considerably reduced
- Requirements that exceed the existing payment guidelines in order “to be covered with documents” in the case of the verification by the Audit Commission
- Verification procedures for any stage:
  - Verification of acquisitions;
  - Technical project (TP) verification;
  - Verification of payment files;
  - Modifications of the project technical solutions, while respecting certain terms, which hinder the project implementation.
- Positive aspects: publication of a tutorial on the APRDF internet page concerning the steps to be taken with regard to the acquisitions and drawing up the payment files. Negative aspects: difficult language, difficult to be understood by certain private beneficiaries (Measure 141, 121 – farmers), their publication at the end of the financing program (year 2013).

**d. positive aspects with regard to the implementation of projects funded under NRDP:**

- Publication of a tutorial on the APRDF internet page in the year 2013 for the persons who wish to submit projects under NRDP measures with the steps to be taken (a little bit late, if we consider that the funding program was foreseen for the period 2007-2013; the absorption rate of funds under NRDP would have been different if it had been designed a little bit earlier).
- After the change of management in the year 2012 at county office or regional center level a greater openness of employees to provide information or explanations on certain issues to beneficiaries could be noticed.
- Complying with the contractual terms at the payment of repayment applications (which is not an aspect to be neglected).

## 5. CONCLUSIONS

In the present paper, “*Analysis of the impact of the implementation of projects dedicated to the rural areas from the West Region of Romania*”, we identified the main impact indicators of projects with EU funding, mainly under the NRDP measures focusing on the West Region from Romania.

By the present paper we tried to identify the causes of the low absorption rate of funds dedicated to the Romanian rural area, mainly NRDP, the deficiencies to be surmounted with regard to the implementation of these projects, as well as the solutions to the problems revealed from the analysis conducted with a group of consultants in EU funds.

Following our research works, we can draw the following conclusions referring to the research theme:

**A. Aspects detached from the comparative SWOT analyses of Romania’s West Region, made by the Regional Development Agency (RDA West) in the years 2007 and 2013, on which the decision makers should intervene on an institutional basis:**

1. Strong efforts made by the state institutions in charge with the sustainable development of the Romanian rural area, mainly from the Region West, in order to **eliminate certain threats and weaknesses persisting from the previous programming period, negatively influencing the accomplishment of the sustainable development process** of rural areas, these cases proving the inefficiency of sums allocated under NRDP in the period 2007-2013. The measures should target:

a) characteristic elements of **rural development**:

- Stopping the decline of traditional life
- Revival of traditions, traditional crafts and occupations in the rural areas
- Relaunching the rural labour and population rejuvenation process
- Poverty alleviation in certain less-favoured rural areas

b) characteristic elements of **agriculture**:

- Relatively constant annual crop productions
- Crop vulnerability diminution in the face of extreme weather conditions: drought, lack of rainfall
- Measures to increase soil quality
- Introducing those medicinal plants and industrial crops into cultivation that are demanded on the market
- Farmers’ complying with the product quality standards having in view their integration into the European market as well as with the quality standards of the great retailers on the domestic market
- Diminution of massive imports of agricultural products
- Establishment of an agricultural and forestry information network
- Performing mechanical works for soil erosion and landslides control and putting an end to the massive forest logging

- Appropriate commercial use of farm production
  - Increased knowledge of agricultural legislation and increased access opportunities to EU funds
  - Increasing the entrepreneurship spirit and skills, diversification of job opportunities in the rural area other than agriculture
- c) characteristic elements of **forestry**:
- Increased responsibilities for forest sustainable management and conservation
  - Rational exploitation of forests and diminution of landslide, land collapse and avalanche risks
  - Additional preventive measures for the diminution of breakup and rupture phenomena caused by wind and snow
  - Complying with the existing regulations on forestry for private patrimony protection
  - A better correlation between the development plans in agriculture and forestry
- d) elements of **demographic nature**:
- Increasing the labour renewal opportunities
  - Measures for attracting the young labour force and population in the countryside
  - Ensuring decent living conditions in the rural agricultural areas
  - Measures to increase job supply in the rural area
  - Putting an end to rural young people's migration to urban areas and foreign countries
- e) elements characteristic to rural economy – **rural tourism**:
- Elaboration of policies on the conservation of certain objectives with tourism potential in the rural areas (mills, houses, installations)
  - Increasing the quality of services in the rural area
  - Use of opportunities provided to rural tourism
- f) elements characteristic to rural economy – **industrial sector**:
- Increasing rural people's confidence in performing non-agricultural activities
  - Measures to increase investors' interest for isolated rural areas
- g) elements of **social** nature:
- Decreasing the number of unschooled children
  - Elimination of social problems due to the restructuring of certain enterprises from exclusivity sectors for certain rural areas
- h) elements of **ecologic** nature:
- Elaboration of concerted policies for environment protection
  - Elimination of the permanent risk of environmental factors degradation and improving the legislation in the field
  - Putting an end to massive logging
  - Repopulation of rural parks

**2. Intensification of institutional measures for the best use of opportunities identified in the rural area of Region West, through additional measures:**

a) elements characteristic to **rural development**:

- Including the rural localities around towns into integrated development strategies
- Raising the development level of rural localities through the modernization of transport and utility infrastructure
- Best use of finance opportunities from the EU funds – EARDF

b) elements characteristic to **agriculture**:

- Support to the production and marketing of organic products in the context of increasing demand for such products
- Best use of thermal water resources in agricultural and tourism activities
- Promoting the local products
- Market monitoring and supplying agri-food products for local consumption from own resources
- Development of association forms as suppliers to the large retailers (e.g. cooperatives)
- Improving farmers' information
- Orienting the Romanian traditional products to export and promoting the local traditional products on the regional market
- Best use of finance opportunities from EU funding sources – EARDF, EFF

c) elements characteristic to **forestry**:

- Rational management of forest resources and consolidation of forest lands
- Development of forest road network
- Creation of a unitary forestry information system
- Access to EU funds for projects targeting the improvement of forest protection

**B. Considerations on the correction of negative aspects of the Romanian rural area that are reflected in the low absorption level of EU funds for the rural area of the Region West. In this respect, the measures target the following:**

a. **aspects in relation to farmer specificity in Romania:**

- Creation of investment motivations;
- Increasing the motivation for vocational training of elderly farmers;
- Increasing the market knowledge of the Romanian farmer, including the management skills;
- Increasing the entrepreneurial initiative;
- Creating a medium and long-term mentality of peasants;
- Promoting the group organization opportunities;

b. **aspects linked to the rural population's material and information base:**

- Increasing the production means on the family farms;

- Creating a proper information system of the family farms, establishment of a professional organization for technical information supply in concordance with the social and economic realities

**c. aspects linked to the existing institutional system in the Romanian rural area:**

- Establishment of a proper credit and guarantee system, of a proper insurance system;
- Establishment of a sectoral agricultural organization system at commune, county and national level, as well as of a generalist professional organization system; (exceptions constructed from top to bottom, not bottom-up)
- Increasing the organization and control of the links in the “food chain”; (raw products, production, sale)
- Creation of a land consolidation system;
- Increased political representation of farmers;

**d. aspects linked to the specific existing market in the Romanian rural area:**

- Adapting the research system to the market needs
- Increase of consumers’ purchasing power;
- Sharing the market risk between the large and small operators in a fair manner;
- Reaching a balance between the farmers who produce food and the farmers who produce biofuels;
- Elimination of unfair competition from the part of strongly subsidized foreign products;
- A higher control modality of the final link in the food chain by farmers and of the processing and marketing chains by the multinationals;
- Agricultural productivity increase;
- Creation of a functional land market.
- Increasing the forest economy contribution to GDP (superior exploitation and processing of timber volume, harvesting and processing the forest products: berries, mushrooms, medicinal plants, etc., mountain-area specific crafts linked to the artisanal processing of forest products, etc.).
- Growth of the mountain area economy as share in rural economy
- Higher organization of domestic agricultural markets
- Increasing the efficiency and organization of imports structure by: the diminution of Romania’s food imports for the products that could be obtained in the country;

**e. aspects related to the current situation and specific problems of the Romanian countryside:**

- Salvaging of endangered local animal breeds and crop species;
- Increasing the number of graduates from agricultural high schools and vocational schools
- Diminution of costs for farm transmission to heirs;



- Preserving the profile of agricultural high schools;
- Increasing the number of associations in agriculture;
- Creation of adequate agricultural infrastructure mainly on the small farms;
- Increasing the number of farms registered in the land book (houses and land) as well as of the beneficiaries of investment measures under the present NRDP;
- Increasing the attractiveness of the banking sector for financing the agricultural sector, as well as of the funding measures that stimulate farmers' association;
- Increasing the agricultural and forestry road infrastructure development level in the rural area;
- Diminution of the risk of inherent conflicts between the interests of quality food production and the biotechnological food production;
- Creation of a national conservation network of the domestic genetic resources on farms
- Increasing the national animal herds;
- Establishment of forest management systems on 800,000 ha;
- Establishment of national or county support system for short marketing chains of quality products coming from peasant farms;
- Increasing the access of small farms on the market through the diminution of exaggerated sanitary-veterinary constraints;
- Creation of professional marketing chains;
- Diminution of unjustified expenses for the implementation of certain animal welfare norms much higher than the European ones, on the animal farms;
- Creation of processing infrastructure on the (small and medium-sized) organic farms in the rural area;
- Support to on-farm green energy sector, in its early stage of development;
- Implementing a performant management of (animal and vegetable) organic matter;
- Creation of an appropriate irrigation system, under energy efficiency conditions;
- Creation of a harmonized Forest Code with the EU legislation for the development of agro-forestry systems;
- Large infrastructure improvement (roads, irrigation and drainage systems, storage facilities);
- Support to obtaining a lower cost of bank credits (the interest rate in RON required by the banks is three times as high than the cost of credit in the EU countries, double for the credits in foreign currency)
- Increasing the compatibility of the Romanian agriculture with the EU agriculture;

**f. aspects linked to the current social and gnoseologic reality of the Romanian rural area:**

- Increasing farmers' awareness of the vocational training importance;
- Intensification of knowledge transfer from the research sector to farmers;
- Adapting the vocational training of private operators;
- Increasing the vocational qualification level;
- Increasing the farmers' moral attitude in relation to other socio-professional categories;
- Increasing farmers' awareness of the environment-friendly agricultural practices;
- Stopping the young people's migration and emigration from the rural area;
- Stopping the decreasing demographic evolution and the negative demographic dynamics in the rural area.

**C. Elements on the remediation of certain negative aspects identified by the EU finance consultants in the rural finance, mainly in the relation with MA NRDP and APRDF, mainly APRDF Timișoara.**

The remediation of all deficiencies in these relations is had in view through firm and urgent measures, of the negative aspects of institutional and organizational nature in the process of project writing and design funded under NRDP, the negative aspects in the process of implementing the projects funded under NRDP as well as the positive aspects of the process of implementing the projects funded under NRDP listed in this study with the help of our colleagues, these being the most frequent in the finance provided under NRDP.

Through better accuracy, through constancy and predictability of rules for accessing and implementing these funds, through full professionalism and correct adequacy of staff employed in the institutions for managing these funds to the existing conditions and to the number and quality of beneficiaries, through concrete measures for increasing the communication between the beneficiaries and the representatives of management institutions, through the increase of educational and training level both of beneficiaries and of employees from the management institutions, through the technical, financial, logistic and human support to the beneficiaries of EU funds implemented in the rural area, the effects will obviously appear in the shortest time possible and will be materialized into an increased absorption of these funds.

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