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## LESS FAVOURED AREAS SUPPORT SCHEME

### ABSTRACT

In Romania there are areas with natural limitations of agricultural productivity resulting in low agricultural outputs. Natural limitations are caused by unfavourable weather and biophysical conditions, which adversely impact the development of agricultural activities. The farmers in these areas have been and are being supported by measures meant to compensate them economically in their agricultural activities and to encourage them not to abandon these activities. The present study is an analysis of the package of measures, both from the previous and the current programming period, related to the areas facing natural constraints.

**Key words:** areas facing natural constraints, support scheme, compensatory payments.

**JEL Classification:** Q1, Q10, Q18.

### 1. INTRODUCTION

In Romania there are areas with natural limitations of agricultural productivity resulting in low farm productions. These areas are mainly located in the Carpathians and in the Danube Delta, but also in other areas with particular climate, soil or land conditions. In these areas characterized by specific and unique biodiversity, there is a high risk of farmers' abandoning the agricultural activities. This phenomenon is likely to affect both the viability of rural areas and the environmental factors, like soil, landscape and biodiversity. Both in the previous and the current programming period, support to farmers was envisaged by measures meant to compensate them economically in their farming activities and to encourage them not to abandon these activities.

These measures have materialized into compensatory premiums granted to beneficiaries – active farmers, meant to cover the income losses or the additional costs that these have to bear, due to the natural constraints that are manifested in the areas of their activity. The active farmers are natural person's farmers who in the previous year of payment benefited from direct payments that exceeded 5,000 euros and who are registered in the National Trade Register Office as authorized natural persons, individual enterprises or family enterprises (Government's Emergency Ordinance 44/2008) or as legal entities that perform an agricultural activity.

## 2. STATE OF KNOWLEDGE

Agriculture and rural development were and continue to be sensitive areas, both before and after Romania's accession to the European Union. Ever since the year 2007, with Romania's accession to the European Union, Romanian farmers have had similar rights to those from the other EU member states. The funds devoted to agriculture and rural development under the National Rural Development Program 2007–2013 had an important role, by means of the financial allocations of the measures from Axis 2. The agricultural land users from Romania, who on voluntary basis adopted higher environmental standards, disposed of over 3 billion euros for biodiversity conservation and protection of natural resources, of soil and water in particular, for lowering the greenhouse gas emissions and for traditional landscape preservation.

In the programming period 2007–2013, the measures that significantly contributed to reaching these objectives were those addressed to less-favoured areas and the agro-environmental measure. Through the proposed actions, these measures contributed to avoiding the intensive farming practices in the rural areas with high environmental potential by preserving the wild plant and animal species; on the other hand, they contributed to avoiding the abandon of farming activities in the areas with agricultural potential constrained by certain unfavourable conditions imposed by natural factors.

The implementation of these measures in the period 2007–2013 firstly contributed to an equilibrium in the economic development of the countryside, and secondly to environment protection and maintaining the traditional rural landscape. Thus, “more than 370 thousand farmers avoided the abandon of about 2.83 million hectares of farmland located in less-favoured areas, while about 235 thousand farmers applied agro-environmental practices on an area of 1.63 million hectares of high natural value grassland, important for certain rare butterfly species, important pastures or arable land areas for certain priority bird species or arable land areas under degradation risks” (MARD, 2016, p. 4).

In the current programming period (2014–2020), the European Union provides its member states the possibility to receive compensatory payments to farmers who adopt environment-friendly agricultural practices. The National Rural Development Program 2014–2020, through the environmental and climate measures, is promoting an agricultural practice that implies avoiding the mechanization works with heavy equipment and the application of chemical inputs, alongside with the use of traditional farming techniques. These will favour maintaining the habitats and important species, the traditional crops, and will mainly favour a more rational use of natural resources. The agro-environmental and climate measures applicable on agricultural land, funded from the European Agricultural Fund for Rural Development under NRDP 2014–2020 exceeded 30% of total EAFRD allocations” (MARD, 2016, p.5).

The farmers have been able to open new commitments since 2015 for the following measures: Measure 10 – agro-environmental and climate, Measure 11 – organic farming and Measure 13 – payments to areas facing natural or other specific constraints. Measure 214 – agro-environmental payments from NRDP 2007–2013 has continued, but farmers cannot open new commitments. The commitments undertaken in the previous programming period have been continued, until their finalization, and have been financed by the allocation of measures 10 and 11 from NRDP 2014–2020. Thus, the three environmental and climate measures (M10, M11 and M13) receive a financial allocation of 2662 million euros in total, while Measure 13, under which payments for the areas facing natural or other specific constraints are made, benefits from the largest financial allocation, i.e. 1,355 million euro. This measure is the object of the present study.

### 3. MATERIAL AND METHOD

The present paper is a bibliographic study focusing on two key documents (NRDP 2007–2013 and NRDP 2014–2020) through which non-reimbursable funding has been granted for the economic and social development of the rural area in Romania. In the present study, a parallel analysis was made of the two programmatic documents that have established the financing lines for reaching the priority objectives of Romania. The study includes a brief history and evolution of the less favoured area concept over time, the types and criteria that lay at the basis of their designation, both at EU level and in Romania. The measures dedicated to the less favoured areas and the compensatory payments granted to farmers were analysed on a comparative basis, by putting into mirror the previous and the current programming periods. For the purpose of this study, an analysis of official documents and of certain specialty studies was necessary, to highlight the main scientific contributions, both at EU level and at national level.

### 4. RESULTS AND DISCUSSIONS

#### 4.1. NRDP 2007–2013 *VERSUS* NRDP 2014–2020

The Common Agricultural Policy supports the development of rural areas in the European Union, having in view their adaptation to the multitude of economic, environmental as well as to the social opportunities and challenges they are facing. The National Strategic Plan for Romania was established beginning with the year 2005, which represented the basis for the implementation of the National Rural Development Program 2007–2013, through which non-reimbursable funds were

received from the European Union and Romania's Government for the economic and social development of the Romanian countryside. NRDP 2007–2013 has four priority directions (axes) for funding. The financial allocation was 9.29 billion euros, out of which 8.1 billion euros EU funding, the greatest financial allocation going to the measures from Axis 1 (45% of total).

With the 2013 Reform, CAP Pillar 2, Rural Development Policy, was reoriented towards new strategic development directions. Thus, new regulations have been adopted meant to contribute to the revitalization of rural areas from the EU, as well as to narrow the inter-regional development gaps between the member states. The support for rural development provides the member states with a package of EU funds for the implementation of multi-annual co-financed programs at national or regional level. In total, "118 programs are foreseen in all the 28 member states" (<https://ec.europa.eu/>).

The new regulation on rural development for the period 2014–2020 addresses six economic, environmental and social priorities, and the programs contain clear objectives that establish what is to be achieved. In May 2015, the Rural Development Program for Romania was officially adopted by the European Commission. For the period 2014–2020, Romania can use 9.5 billion euros public funds, out of which 8.1 billion euros from the EU budget, and the remaining funds from national budget.

The National Rural Development Program 2014–2020 supports rural development through three strategic objectives: 1) restructuring and increasing the viability of agricultural holdings; 2) ensuring the sustainable management of natural resources and climate action; 3) diversification of economic activities, job creation and improvement of infrastructure and services to improve the quality of life in the countryside. These strategic objectives are in agreement with those defined in the national strategies, mainly with those from the Strategy for the development of the agri-food sector on medium and long term 2020–2030 horizon of the Ministry of Agriculture and Rural Development, as well as with the CAP 2014–2020 strategies and Europe 2020 Strategy.

The strategic objectives are achieved through six rural development priorities:

- Priority 1 – Fostering knowledge transfer and innovation in agriculture, forestry and rural areas – without financial allocation in the current programming period;

- Priority 2 – Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative agricultural technologies and sustainable management of forests – with a financial allocation accounting for 19.7% of total budget;

- Priority 3 – Promoting food chain organization, including processing and marketing of agricultural products, animal welfare and risk management in agriculture – financial allocation 10.8% of total budget;

- Priority 4 – Restoring, preserving and enhancing the ecosystems related to agriculture and forestry – financial allocation 29.8% of total budget;

– Priority 5 – Promoting resource efficiency and supporting the shift towards a low carbon economy and resilience to climate change in the agricultural, food and forestry sectors – financial allocation 11.9% of total budget;

– Priority 6 – Promoting social inclusion, poverty alleviation and economic development in all rural areas – financial allocation 27.8% of total budget.

Priority 4 gets the highest budget allocation, and thus almost one-third of NRDP funding targets the sustainable management of agricultural land. More than 1.3 million hectares of agricultural land will benefit from environmental and climate payments, more than 800 thousand hectares of forest land will benefit from conservation payments and more than 200 thousand hectares will benefit from support either to maintain or shift to organic farming practices. In order to receive payments provided under NRDP 2014–2020, in the year 2015 a new delimitation of areas facing natural constraints was made, mainly of areas other than mountain areas that are facing other significant natural constraints.

#### 4.2. LESS FAVOURED AREAS IN THE EU

The regions from the European Union are extremely different, both in socio-economic terms and in relation to natural characteristics. Since the 1970s, in order to support the continuation of agricultural activities in the areas with difficult production conditions, the *territorial component* has been introduced. Thus, three types of regions were identified:

– “*mountain areas*, which were facing problems related to altitude, slope, accessibility;

– *areas threatened with depopulation and with farm incomes below the national average*, where the high regions were included (from Germany and Great Britain) and the sandy regions (from the northern European Plain);

– *areas preserving the rural character of the space for tourism activities or for other activities*”. (Rusu et al., 2006)

The delimitation of less favoured areas in the member states was subsequently made on the basis of several criteria related both to natural conditions (relief, altitude, slope, climate, etc.), and to social conditions (population density, share of employed population in agriculture, etc.). Thus, certain areas were classified as Less Favoured Areas – LFA), as the conditions for agriculture were more difficult, leading to increased production costs and lower yields. LFA was used to describe an area facing natural constraints (lack of water, climate, short harvesting season and depopulation tendencies) or a mountain or hilly area, defined by altitude and slope. “In the European Union, the support to less favoured areas has a long tradition as part of the Common Agricultural Policy” (Namiotko et al., 2017).

Since 1999, the less-favoured areas in the EU have been defined according to (EC) Regulation 1257/1999, namely: *mountain areas* (Art. 18), *other less-favoured areas* (Art. 19) and *areas affected by specific handicaps* (Art. 20).

*The mountain areas* were characterized by low agricultural land use possibilities, resulting in high operating costs. The specific constraints of these areas were the following: i) high altitude and difficult weather conditions; ii) steep slopes that required utilization of specific and expensive equipment; iii) a mix of these two factors. The less favoured areas were characterized by “diverse biophysical conditions, agricultural resources and social structure, mainly in the developing countries. The less-favoured areas were defined according to the specificity of place and space” (Nagy et al., 2015).

In certain EU countries, the mountain areas were delimited according to the altitude criterion, like in Poland, for instance, where the administrative units that had more than 50% of the agricultural area above 500 m altitude were declared mountain areas. In other countries both the altitude and the slope were taken into consideration for the delimitation of the mountain area. In the Czech Republic, for instance, the mountain areas were those areas with an altitude above 600 m, as well as those with an altitude of 500–600 m, combined with a slope greater than 7 degrees on an area greater than 50% of the agricultural area of the administrative unit.

*The less favoured areas other than mountain areas* were those areas with agricultural land abandonment risk, where the natural space conservation was necessary. These areas were characterized by: i) soils with low productivity and limited potential; ii) existence of certain natural areas that had to be preserved, where productivity was implicitly lower than the average; iii) the population was small in number and largely depended on the agricultural activity.

In Poland, for instance, the less favoured areas with significant handicap were delimited by taking into consideration several criteria: i) population density; ii) share of population employed in agriculture; iii) based on a quality index of agricultural land.

In the Czech Republic, the less favoured areas with significant handicap were delimited taking into consideration: i) a complex pedological and ecological criterion; ii) population density lower than 75 inhabitants/km<sup>2</sup>; iii) share of population employed in agriculture higher than 8%.

*The less favoured areas with specific handicap* were considered areas where the agricultural activity had to be continued and supported as well. In these areas it was very important to preserve the quality of the environment and also to improve it in order to maintain the natural space and to preserve the tourism potential. Not all the farms from a less favoured area received a compensatory allowance. For instance, “in the year 2005, about 1.4 million farms, representing about 13% of the total number of farms in EU-25, benefited from support within all the schemes for the less favoured areas”, and “the financial support for less favoured areas represented 8 billion euros, i.e. about 18% of the EU funding for rural development for the period 2000–2006” (<https://ec.europa.eu/>).

More than half of the entire agricultural land area of the European Union has been designated as less-favoured area, in the previous programming period, and only a part of farmers benefitted from compensatory allowance. There were significant variations across the member states, as different eligibility norms were

in place, established by each state in part. Thus, the payments per hectare ranged from minimum 25 euros/ha to maximum 200 euros/ha. “In the programming period 2007–2013, EAFDR allocation dedicated to the system was 12.6 billion euros or 13.9% of total funds allocated by the EU, which accounted for 32% of the resources allocated to the improvement of the environment and rural area through support to sustainable land management” (<https://ec.europa.eu/>).

Since 2013, with the adoption of (EC) Regulation, Art. 32 Less-Favoured Areas – LFA), they have become Areas facing Natural Constraints (ANC), classified into three categories, each of them characterized by handicaps that threaten the continuation of agricultural land utilization:

– *Mountain areas*, affected by a shortened growing season of crops due to high altitude or steep slopes at low altitude, or by a combination of these two factors;

– *Areas, other than mountain areas, facing significant natural constraints* if at least 60% of the agricultural area meets at least two of the biophysical criteria related to climate, low soil productivity and steep slopes;

– *Other areas facing specific constraints* are areas where proper land management should be continued in order to conserve or improve the environment, maintain the landscape and preserve the tourism potential of areas or to protect the coastline.

The rural development programs of each EU member state for the period 2014–2020 contain information on the areas affected by natural constraints, designated by these to receive support. The areas, other than mountain areas, facing significant natural constraints, are subject to a new delimitation exercise, consisting of a delimitation based on the biophysical criteria listed in Annex III of (EC) Reg. 1305/2013, alongside with a fine-tuning exercise aiming to exclude the delimited areas where the disadvantages have been overcome by investments or sustained economic activities. Thus, the EU member states and regions should be ready to support the areas under this new delimitation by early 2019, at the latest. Part of the EU member states fulfilled this commitment, some of them even before the beginning of the programming period 2014–2020. The member states like Croatia, the Czech Republic, Estonia, Germany, Finland, Sweden, France, Latvia, Romania, Slovakia and Spain delimited all the three categories of areas facing natural constraints in the period 2016–2017. However, there are still countries that either have biophysical delimitation problems or fine-tuning problems. For the other two areas: *mountain areas* and *areas facing specific constraints*, the previous delimitations remain in force. Furthermore, there are member states and regions where no new delimitation is necessary, because they have only mountain areas or areas facing natural specific constraints. There are also EU member states that will interrupt the support for the areas affected by natural constraints after a period of phasing-out the previous payments for the less favoured areas.

### 4.3. LESS FAVOURED AREAS IN ROMANIA

*NRDP 2007–2013.* The designation of the less favoured areas was based on (EC) Reg. 1257/1999, 3 types of areas being delimited: less favoured mountain area, less favoured area with significant handicaps and less favoured area with specific handicaps. The less favoured mountain areas included the administrative territorial units located at altitudes higher than or equal to 600 meters and those with average altitudes between 400 and 600 meters, with an average slope of 15% or higher. The less favoured mountain mostly overlaps the Carpathians area.

For the other two areas, the important element for their designation was the low natural productivity of agricultural land, in close connection to the soil rating scores of these land areas. Thus, for the less favoured areas with significant handicaps the average soil rating score was 16. In these areas, agricultural productivity was limited mainly by the poor soil quality (young, sandy soils), unfavourable weather conditions (high temperature and low rainfall) and soil moisture (sandy soils were characterized by fast drainage). The less favoured area with specific handicaps was represented by the administrative territorial units that fully or partially covered the “the Danube Delta” Biosphere Reserve. The entire designated area was also considered an important area for birds (Important Birds Areas – IBA). The less favoured areas with specific handicaps included those administrative territorial units that formed continuous areas consisting of at least 3 administrative territorial units (ATUs). On a cumulated and weighted basis, they had soil rating scores up to 28, and individually the soil rating score did not exceed 30.

*NRDP 2014–2020.* The declaration of areas facing natural or other specific constraints was based on (EC) Regulation 1305/2013, Art. 32, 3 types of areas being delimited. The delimitation of mountain areas from the previous programming period is also valid for the current programming period and is based on the fulfilment of one of the two criteria: 1) average altitude at ATU level of over 600 m; 2) average altitude at ATU level between 400 and 600 m and average slope over 15%.

The boundaries of areas, other than mountain areas, facing significant natural constraints were established at the level of administrative territorial units depending on meeting at least one biophysical criterion for delimiting the areas facing natural constraints on at least 60% of the ATU’s agricultural area. The biophysical criteria for delimiting the areas facing natural constraints were designated depending on weather conditions, soil and land, namely: low temperature, water deficit, limited soil drainage, soil – unfavourable texture and skeleton, soil – unfavourable chemical properties, land on slope (15%). Thus, the agricultural land areas that were affected by at least one biophysical indicator with values above the threshold established for each of them were aggregated at the level of ATUs. Land areas resulted that were affected by several biophysical indicators, which were summed up at ATU level and related to its total agricultural land area. The ATUs in which more than 60% of the agricultural area had at least one biophysical criterion were included in other areas than the mountain areas with significant natural constraints.



The boundaries of areas that are facing natural specific constraints were established by selecting the ATUs that are entirely located in the “Danube Delta” Biosphere Reserve, because there are a series of weather and soil constraints on their agricultural land. Measures 211 and 212, included under Axis 2 of NRDP 2007–2013, have their correspondent in the current programming period (NRDP 2014–2020), being related to Measure 13, with its 3 sub-measures (Table 1).

Table 1

Correspondence between the measures of the two programming periods

NRDP 2007–2013 – Axis 2	NRDP 2014–2020 – Measure 13
M 211– less favoured mountain area	M 13.1– mountain area (ANC ZM)
M 212 – less favoured areas, other than mountain areas: – areas with significant handicaps	M 13.2 – areas facing significant natural constraints (ANC SING)
M 212 – less favoured areas, other than mountain areas: – areas with specific handicaps – the Danube Delta	M 13.3 – areas facing specific constraints – Danube Delta (ANC SPEC)

Source: Romania’s Government, MARD (2017), Informative guide for the beneficiaries of environmental and climate measures of the National Rural Development Program (NRDP) 2014–2020, version 3.0, p. 8

In the programming period 2007–2013, 974 administrative territorial units (ATUs) from Romania were designated less favoured areas. These accounted for 30.7% of the total number of ATUs from Romania, and their agricultural land areas represented 28.6% of the total agricultural land of the country (Table 2).

The largest number of ATUs were included in the category *less favoured mountain area* (LFMA = 657), and their agricultural area represented 15.4% of Romania’s total agricultural land area.

The second category, *less favoured areas, other than mountain areas* included two groups, LFA with significant handicaps and LFA with specific handicaps, which included a total number of 317 administrative territorial units whose agricultural area accounted for 13.2% of total agricultural land area of the country. In the less favoured areas, other than mountain areas, the most numerous were the areas with significant handicaps, 293 in number, with a share of agricultural area that accounted for 11.9% of the country’s agricultural land area.

Table 2

Eligible areas in the previous programming period (2007–2013)

	No. ATUs	% ATU	Agricultural area (ha)	Agricultural area (%)
Total Romania	3180	100	13535298	100
Total less favoured areas (LFA):	974	30.7	3885142	28.6
– Measure 211 (LFA mountain)	657	20.7	2088315	15.4
– Measure 212 (LFA significant)	293	9.2	1615875	11.9
– Measure 212 (LFA specific)	24	0.8	180953	1.3
Non LFA	2206	69.3	9650155	71.4

Source: Romania’s Government, MARD (2016), Informative guide for the beneficiaries of environmental and climate measures of the National Rural Development Program (NRDP) 2014–2020, p.16

In the current programming period, the number of administrative territorial units facing natural constraints significantly increased, these accounting for 45.6% of the total number of ATUs in Romania (Table 3). Thus, the agricultural lands of areas facing natural constraints represent half of the country's agricultural land area. Compared to the previous programming period, the mountain area has not been subject to any changes, either in terms of the designation modality (criteria) or in terms of their number. Only one new ATU appeared (commune Solca, Suceava county), which represents a change in administrative terms.

Table 3

Eligible areas in the current programming period (2014–2020)

	No. ATU	% ATU	Agricultural area (ha)	Agricultural area (%)
Total Romania	3181	100	13535298	100
Total areas facing natural constraints (ANC)	1451	45.6	6775394	50
– Measure 13.1 – ANC mountain	658	20.7	2089399	15.4
– Measure 13.2 – ANC significant	769	24.2	4505042	33.3
– Measure 13.3 – ANC specific	24	0.7	180953	1.3
Non ANC	1730	54.4	6759904	50

Source: Romania's Government, MARD (2016), Informative guide for the beneficiaries of environmental and climate measures of the National Rural Development Program (NRDP) 2014–2020, p.16

A major change has been produced at the level of criteria for the designation of ATUs for the areas facing significant natural constraints. These were no longer designated on the basis of soil rating scores of agricultural land, but on the basis of cumulated criteria. Thus, while in the old programming period there were 293 ATUs in the less favoured areas, other than mountain areas, in the current programming period their number increased to 769. The 2.6 times increase in their number led to the increase of total eligible agricultural land area (33.3% of Romania's total agricultural land area).

The less favoured areas with specific handicaps from the previous programming became areas facing specific constraints, being those areas from the Danube Delta, which are equal both in terms of number and of share in the agricultural area in both programming periods.

#### 4.4. COMPENSATORY PAYMENTS, BENEFICIARIES, ELIGIBILITY CONDITIONS

Under NRDP 2007–2013, Axis 2: Improving the environment and rural area, Measures 211 and 212 contributed to the continuous use of agricultural land in the less favoured areas, maintaining the rural area viability and supporting the sustainable agricultural activities. The operational objective of Measure 211 was to

ensure the continuous use of 2,520,000 ha agricultural land in the less favoured mountain area, the value of the annual financial support being 107 euros/ha/year, and funding came 100% from public spending, with a value of 769,555,055 euro (MARD, 2015). The operational objective of Measure 212 was to ensure the continuous use of 1,795,000 ha agricultural land in the less favoured areas, other than mountain areas. The value of the annual support was 94 euros/ha/year in the case of less favoured areas with significant handicaps and 80 euros/ha/year in the case of less favoured areas with specific handicaps and funding came 100% from public spending, with a value of 435,641,913 euro. (MARD, 2015)

The beneficiaries were farmers operating agricultural land areas located both in the mountain areas and in less favoured areas, other than mountain areas. These pledged to continue the agricultural activities for 5 years from the first payment for the two measures and to comply with the Good Agricultural and Environmental Conditions on the entire agricultural area of the farm throughout the duration of the commitment. Only the parcels with a minimum area of at least 0.3 ha were eligible, and the agricultural area of the farm, consisting of parcels of at least 0.3 ha, had to be minimum 1 hectare. In the case of vineyards, orchards, hops plantations, fruit tree nurseries, vine nurseries and fruit shrubs, the minimum area of parcel was at least 0.1 ha. In the current programming period, under Measure 13 – payments for areas facing natural constraints with its three sub-measures, compensatory premiums are granted, namely: for the mountain area (sub-measure 13.1) a compensatory premium of 97 euros/ha/year is granted; for the areas facing significant natural constraints (sub-measure 13.2) a compensatory premium of 62 euros/ha/year is granted; for the areas facing specific natural constraints (sub-measure 13.3) a compensatory premium of 75 euros/ha/year is granted (Table 4).

The values of financial allocations are the following: sub-measure 13.1 – 1,370,000 euros, sub-measure 13.2 – 3,150,000 euros, sub-measure 13.3 – 180,000 euros. Under Measure 13, with its three related sub-measures, the compensatory payment represents a fixed amount granted per hectare to active farmers each year. The payments granted to farmers under this measure can be cumulated with the agro-environmental and climate payments and the payments for organic farming. The beneficiaries for all the sub-measures related to Measure 13 are *active farmers* (farmers who carry out at least one minimum farming activity on the agricultural holding).

Table 4

Compensatory payments under NRDP 2007–2013 vs. NRDP 2014–2020

NRDP 2007–2013 <sup>*)</sup>		NRDP 2014–2020 <sup>**)</sup>	
Measure 211 (LFA mountain)	107euro/ha/year	Sub-measure 13.1 (ANC mountain)	97 euro/ha/year
Measure 212 (LFA significant )	94 euro/ha/year	Sub-measure 13.2 (ANC SIGN)	62 euro/ha/year
Measure 212 (LFA specific)	80 euro/ha/year	Sub-measure 13.3 (ANC SPEC)	75 euro/ha/year

Source:\*) Romania's Government, MARD, (2015), NRDP 2007–2013, version XVI, p. 289–295; \*\*) Romania's Government, MARD, (2018), NRDP 2014–2020, version VII, p. 571–581

Other eligibility conditions for the beneficiaries, apart from the fact that they must be included into the active farmer category and use an agricultural land area located on Romania's territory, which is an eligible mountain area, are the following: i) the minimum farm area must be 1 ha, the minimum parcel area must be 0.3 ha; ii) to continue the farming activity, each year, on the agricultural land located in the areas facing natural constraints; iii) to comply, at farm level, with the cross-compliance standards set out in the national legislation. The eligibility conditions for the beneficiaries of financial allocations related to Measure 13 of the current programming period are the same with those from the measure from the previous programming period. But the specific conditions are set out under Measure 13 – payments for areas facing natural constraints, namely: the use of chemical fertilizers is forbidden; the traditional use of manure is permitted up to maximum 30 kg. Nai/ha; the use of pesticides is forbidden; mowing can only start after July 1<sup>st</sup>; the mown meadow grass should be collected from the meadow surface not later than two weeks after mowing; maximum 1 livestock unit should graze in one hectare of grassland; flooded pastures will not be grazed earlier than two weeks from water withdrawal; ploughing or disking the pastures under commitment are forbidden; no surface seeding or over-seeding will be performed.

In both programming periods, in the case of farms with agricultural areas larger than 50 ha – threshold from which degressivity starts to be applied, the value of payment decreases for the agricultural areas that exceed this value (Box 1).

*Box 1*

Degressivity of financial support to farms

1-50 ha – 100% of the value of payment for each hectare
50.1 – 100 ha – 75% of the value of payment
100.1 – 300 ha – 50% of the value of payment
Over 300 ha – 35% of the value of payment

*Source:* Romania's Government, MARD, (2015), NRDP 2007–2013, version XVI, p. 289–295 and Romania's Government, MARD, (2018), NRDP 2014–2020, version VII, p. 571–581

If following the application of degressivity the value of compensatory payments/ha is lower than 25 euros/ha, the value of the compensatory payment received will be 25 euros/ha.

## 5. CONCLUSIONS

The regions of the European Union are extremely different, both in terms of their socio-economic and natural characteristics. Due to this discrepancy of natural conditions across the EU member states, a territorial component was introduced in the year 1970 in order to support the continuation of agricultural activities in areas

with difficult natural conditions, thus influencing the yields obtained. From the very beginning, three types of less favoured areas were identified, and over the time these areas had different names, were classified according to a series of different factors, and the farmers from these areas received different support. The policy objectives and the support measures for less favoured areas were subject to significant changes during the last CAP reforms, and the support for less favoured areas has been one of the most important mechanisms for implementing the support to rural development.

In the programming period 2007–2013, in Romania, the three types of less favoured areas (LFA) were delimited, namely: *less favoured mountain areas* (LFA mountain), *less favoured areas with significant handicaps* (LFA significant) and *less favoured areas with specific handicaps* (LFA specific). More than one third of total ATUs in Romania were included in the category of less favoured areas, and their agricultural land area accounted for 28.6% of the total agricultural area of the country. Most ATUs were included in the category less favoured mountain area, and their agricultural area represented 15.4% of Romania's total agricultural area. Through NRDP 2007–2013, the active farmers in these areas received support meant to compensate them economically in their agricultural activities and to encourage them not to abandon these activities. The support provided to farmers in the previous programming period was 107 euros/ha/year for those carrying out agricultural activities in the mountain area, 94 euros/ha/year for LFA significant and 80 euros/ha/year for LFA specific.

For the programming period 2014–2020, the less favoured areas were named areas facing natural constraints (ANC), and the criteria for their delimitation have suffered certain changes. Thus, the three types of areas facing natural constraints are the following: *mountain area* (ANC MA), *areas facing significant natural constraints* (ANC SIGN) and *areas facing specific constraints* (ANC SPEC). For the first and the third category no changes have been produced in terms of the delimitation criteria, yet for the second category the delimitation modality is entirely different and much more complex. Romania is part of the EU member states group that succeeded in delimiting its areas facing significant constraints (ANC SIGN), having all the three categories designated, alongside with Croatia, the Czech Republic, Estonia, Germany, Finland, Sweden, Latvia, Slovakia and Spain. The other EU member states have the obligation to designate their own areas facing significant constraints by the beginning of the year 2019 at the latest, so that farmers can receive support under the current programming period.

In Romania, there are 1451 areas facing natural constraints, and their agricultural area represents half of the country's total agricultural area. As against the previous programming period, both the number of ATUs facing natural constraints and their agricultural area increased.

By implementing NRDP 2014–2020, through Measure 13 – Payments to areas facing natural constraints, financial support is provided to active farmers operating in these areas; the support received is 97 euros/ha/year for active farmers

who perform agricultural activities in mountain areas, 62 euros/ha/year for farmers from areas facing significant natural constraints and 75 euros/ha/year for farmers in the areas facing specific natural constraints. The compensatory payments received by farmers in the previous programming period were higher than those in the current programming period, while the agricultural area for which these payments are received is obviously larger in the current programming period compared to the previous period. It is worth noting that the payments granted to farmers under Measure 13 can be cumulated with the agro-environmental and climate payments and with the payments for organic farming. As regards the beneficiaries of these compensatory premiums and the eligibility criteria, no significant changes have been produced.

The practical relevance of this study is given by the analysis of national development priorities, both for the previous programming period and for the current period, as regards the less favoured areas/areas facing natural constraints.

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