

An evaluation of the effects of rural development policies in the North – East Region of Romania

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Abstract. The European Union Common Agricultural Policy (CAP) holds as principal objectives, as they were outlined in the Treaty of Rome, the following: increase productivity, by promoting technical innovation and ensuring optimum use of factors of production, ensure a fair standard of living for the agricultural community, stabilize agricultural markets, secure availability of agricultural supplies and provide consumers with food at reasonable prices. Over time, and depending on certain factors, new secondary objectives have been added such as: environmental protection, biodiversity, animal welfare, enhancement of rural areas. In the North-East Region of Romania, the impact of rural development policies implemented through the National Rural Development Programme (NRDP) has been assessed at regional and local level utilizing a combined analysis of statistical databases.

Key Words: rural development, public policies, community, partnership.

Rezumat. Politica Agricolă Comună (PAC) a Uniunii Europene deține ca principale obiective, așa cum au fost prezentate în Tratatul de la Roma, următoarele: creșterea productivității, prin promovarea inovării tehnice și asigurarea utilizării optime a factorilor de producție, asigurarea unui standard de viață echitabil pentru comunitatea agricolă, stabilizarea piețelor agricole, asigurarea disponibilității bunurilor agricole și de a furniza consumatorilor alimente la prețuri rezonabile. De-a lungul timpului și în funcție de anumiți factori, noi obiective secundare au fost adăugate: protecția mediului, biodiversitatea, bunăstarea animalelor, consolidarea zonelor rurale. În Regiunea de Nord-Est a României, impactul politicilor de dezvoltare rurală implementate prin intermediul Programului Național de Dezvoltare Rurală (PNDR) a fost evaluat la nivel regional și local utilizând o analiză combinată a bazelor de date statistice.

Cuvinte cheie: dezvoltare rurală, politici publice, comunitate, parteneriat.

Introduction. There are several reasons for which a clear definition for rural areas has never been agreed upon (EC-DG Agri 2010). The first reason is represented by the various concepts of what is or what is not rural and by the elements characterizing the concept of rurality in all its forms (economic, social, cultural etc.). This is influenced by local and regional factors, regarding development at social, economic, cultural and natural level. The second reason is the inherent need to tie the respective definition of rural areas to the concerned policy or the analysed unit. In the OECD methodology that was previously used at European level to classify rural areas, population density represented the main characteristic of defining rural areas (OECD 1990). In the new EU methodology, which represents a variation of the OECD one, is used a simple approach of building urban clusters with a minimum population density of 300 inhabitants per km² and a minimum population of 5000. All units outside these urban clusters are considered to be rural. This methodology is closely tied to the development of the new EU CAP post 2013. The third reason is represented by the difficulty to collect relevant data at the level of basic geographical units.

In the North – East Region of Romania, rural development policies have been implemented utilizing pre-accession (SAPARD) and accession (NRDP) funds. Romania is a predominantly rural country with 87.1% of the territory total area and 45.1% of the population classified as “rural” according to the national definition based on the OECD methodology. This is significantly higher than the EU average. In the researched area of

the Slanic, Oituz and Casin river basins of Bacau County, rural areas are characterized by a scattered population and a very low quality infrastructure – for example, only 34.2% of all rural residents are connected to a water supply network and only 10% have access to a sewage network (Ciurea 2009). According to an analysis made by the Romanian Ministry of Agriculture and Rural Development in 2007, in the researched area, only 10% of rural roads are at an adequate standard (MAFRD 2007). The basic social infrastructure (health, education, social assistance etc.) is also much underdeveloped than in the nearby urban areas (Redman 2008). These factors affect the quality of rural life, hamper economic and social development, increase rural to urban migration and exacerbate environmental concerns, thus influencing the implementation of rural development policies at local and regional level in Bacau County.

Material and Method. The case study focused upon one specific region of Romania – the NUTS 2 region of North – East Romania (Moldavia), which consists of 6 counties (NUTS 3 level) out of a total 42 counties in Romania. It presents field work and statistical analysis performed at the NUTS 3 level of Bacau County, much of this area being represented by sub-mountainous terrain.

The method of inquiry utilized in this case study involved the following procedures:

1. A review of relevant literature concerning public benefits associated with rural renaissance;
2. A review of European and national statistical databases and survey reports published by public institutions regarding the current rural development policy in Romania (2007 – 2013) and opportunities for further development at local level;
3. An analysis of relevant policy recommendations.

Results and Discussion. Major switches in rural development thinking have occurred over the past half-century (Ellis & Biggs 2001). The importance of rural policies has led to an expansion of specific approaches and to the adaptation of relevant contributions from other disciplines as a way to understand developments trigger and blocking factors. Past rural development programs were characterized by the implementation of non-coordinated, sectoral, horizontal and top-down policies and strategies. The lack of effectiveness and the failures prompted by these policies propelled the development of new approaches that propose coordinated, integrated, context-specific and bottom-up strategies (OECD 1990; World Bank 1998). Also, a shift from poverty alleviation to a focus on the analysis of spatial differences and opportunities, like the proposed by the new economic geography (Krugman 1998; World Bank 2008) can be appreciated.

The new approaches are known as rural territorial development (RTD) (Delgado-Serrano et al 2010). The EC LEADER Initiative established the bases for this way of working in rural areas. According to the LEADER European Observatory (1999) the seven principles defining RTD are: 1) area-based approach; 2) bottom-up approach; 3) creation of public-private partnerships articulated in Local Action Groups; 4) innovative character of actions; 5) linkages and multi-sectoral character of the actions; 6) networking and transnational cooperation and 7) methods of management and financing. Two other principles can be added: result-oriented actions and the need to coordinate local strategies with regional and national policies.

The applications of these principles have driven the emergence of a territorial focus on rural policies. This territorial approach aims at fostering a larger engagement of the rural actors in the decision-making processes, supporting territorial assessment and planning exercises to identify the development potential for wealth creation in the territory and improving the coordination among public bodies with an impact on the rural territories in order to have a more coherent and effective action in rural areas.

Before 1990, the development of rural areas was not a priority for the Romanian Government. Apart from a national rural electrification programme and a rural “planning” programme that aimed to rationalize the rural work force by gathering the rural communities into concentrated villages, the communist regime never gave any specific attention to the development needs of the rural areas. Following the fall of the

communist regime, Romania embarked upon a series of social and economic reforms aimed at transforming the country from a highly centralized administration into a democratic and market-oriented economy. As Dumitru et al (2004) explained, "In the communist ideology the village was perceived as a reservoir of labour force and a source of cheap food and other primary production for the expanding urban economy. Development of rural areas was random and almost exclusively based upon an exogenous model of rural development where the main forces of development were emanating from outside the rural area".

Consequently, the selection and implementation of rural development policy measures began slowly. The initial approach taken during the transition period was sectoral and focused upon the orientation of the agricultural sector towards the market economy through farm privatization, land restitution and family farm development. Land restitution was rapid and, combined with a hesitant stop-and-go approach to agricultural reform in the 1990s, effectively created a small-scale subsistence and semi-subsistence farm sector. This resulted in a significant decline in agricultural productivity, and Romania quickly became a net importer of food (up to 80%) during the 1990s.

Whilst progress with policy development was slow, some wider development issues (such as income diversification) were supported. This included the activities of different projects, programmes, grants, investment funds and loan guarantee funds financed by domestic and/or foreign funds. However, without a clear rural development strategy there was no coordination of these programmes and projects, and they were largely implemented without any common links which could have led to the pooling of technical and financial resources in order to obtain more efficient results (Rusu 2003).

The main factor that finally pushed rural development onto the agenda of the Romanian government was the need for convergence with EU policies, including the programming and implementation of the EU's Special Accession Programme for Agriculture and Rural Development (SAPARD). It is notable, for example, that there was no rural development department in the Ministry of Agriculture and Forestry until the SAPARD programming process started.

One of the first steps in the creation of a National Rural Development Policy was the preparation of the "Green Paper on Rural Development in Romania" (PHARE 1998) which included a comprehensive diagnosis of rural areas and provided the basis for the National Plan for Agriculture and Rural Development 2000-2006 (MAFRD 2000). This key document was the first of its kind in Romania and was designed specifically as the framework for the SAPARD programme which was subsequently implemented from 2001 until Romania's accession to the EU in 2007 (Redman & Mikk 2008).

The objectives of SAPARD were specified for all candidate countries in Council Regulation No. 1268/1999, and were prioritized in Romania as follows:

- Priority 1: Improving the access to markets and the competitiveness of processed agricultural products;
- Priority 2: Improving the infrastructure for rural development and agriculture;
- Priority 3: Developing the rural economy;
- Priority 4: Developing human resources.

A number of specific objectives were identified to fulfill the general objectives of the programme and the rural development priorities:

- The sustainable development of a competitive agri-food sector by modernizing and improving the processing and marketing of agricultural and fishery products;
- The increase of living standards in the rural areas by improving and developing the required infrastructure and by implementing good agricultural practices for the sustainable development of agriculture and rural areas;
- The development of the rural economy by setting up and modernizing capital assets for agriculture and forestry, and the development and diversification of economic activities to maintain and/or create alternative/additional income sources and new jobs;
- The development of human resources by improving the vocational training of farmers and forest owners, and by building and strengthening institutional capacity.

In order to achieve these objectives, Romania chose 11 out of the 15 measures available from the SAPARD menu. This was one of the most dispersed allocations of resources of all the candidate countries eligible for SAPARD support, and a clear reflection of the serious structural and social problems associated with agriculture and rural areas in Romania. The highest allocation was to Measure 2.1 Development and improvement of the rural infrastructure (33.5%) followed by investment in the modernization of farms and food processing industries under Measures 1.1 Processing and marketing of agricultural and fishery products (29.3%) and 3.1 Investments in agricultural holdings (21.0%).

However, the impact of the SAPARD measures was arguably very limited because of:

a) Problems with the "goodness of fit" of the available SAPARD measures with the agricultural and rural development problems faced by Romania;

b) Limited "accessibility" of the SAPARD measures because of the restricted flow of information to and within rural communities, lack of available advice and poor financial status of most potential beneficiaries in the social and economic context of Romania.

The main challenge that emerged for the Romanian government in administering future EU rural development funds was therefore how to establish a reasonable balance between the real needs of the rural sector (with its very specific characteristics) whilst ensuring optimum accessibility of the rural development measures and maximum absorption of the available funds.

On the basis of the analysis undertaken in the National Strategy Plan (NSP) for Rural Development 2007-2013 (MAFRD 2007a) – and taking due account of the EC Community Strategic Guidelines and the Lisbon and Goteborg objectives - three main challenges are identified for the National Rural Development Plan (NRDP) for Romania 2007-2013 (MAFRD 2007b) to address (Redman 2008):

1. To facilitate the transformation and modernization of the agriculture and forestry production and processing sectors, improving competitiveness and ensuring environmental sustainability;

2. To maintain and enhance the rural environment;

3. To facilitate the movement of labour out of agriculture into other sectors and ensure adequate economic and social conditions for the rural population.

According to MAFRD (2007b), these challenges require an integrated approach which exploits:

a) Close coordination and coherence between all Axes of the NRDP;

b) Complementarity between the NRDP and other Sectoral Operational Programmes (SOPs), including Regional Development, Human Development, Environment, etc. and a range of relevant national programmes (e.g. pension and social assistance, national land registration). The capacity of the Ministry of Agriculture, Forestry and Rural Development (MAFRD) to actually achieve/sustain this ambitious integrated approach remains questionable.

In the North – East Region of Romania, especially in the Bacau County, rural development policies implemented both through the NRDP 2007-2013 and local and regional policies developed by public authorities (like the Farmer programme) had a small effect on rural communities because of bad project management and political interference in the project selection process.

32.2% of all stakeholders responded that access to national and European fund from the NRDP is impossible to the change in rules and procedures in the selection and 48.75% said that the process is vitiated by political interference.

72.9% of all respondents appreciate the support given by the European Union through the NRDP 2007-2013, especially the Pillar 3 measures for rural infrastructure and for vitalizing rural economies.

The NRDP for 2007-2013 is certainly well appreciated by stakeholders and is considered to be comprehensive, relatively well integrated and reasonably "fitted to the needs of rural areas" in Romania. But some concerns were raised in regards with the design process.

It was not an inclusive process, but predominantly exclusive and top-down. Consultation needs to be significantly improved in the future. There was a considerable degree of political intervention that was not transparent within the Ministry of Agriculture and Rural Development, let alone within the wider stakeholder community, and the credibility of the Ministry remains low with an on-going reputation for "institutional corruption".

Technical staff at the European Commission attempted to orientate measures towards the real needs of the small farmers, but was frustrated to find that most of the possibilities were either left out of the NRDP or significantly diluted. The poor management of the design process was also noted as a fundamental problem by other stakeholders interviewed, and was attributed to lack of experience and limited technical capacity.

The key areas for improving the design process were summarized by the stakeholders interviewed as:

- Better analysis and understanding of the real needs of rural areas and rural people;
- Greater commitment to full and effective consultation;
- Better management of the design process, especially an improvement in timing and the avoidance of "crisis management";
- Less political interference and a greater strategic perspective.

Conclusions. The impact of rural development policies in the North – East Region of Romania is given by the importance of their effects at local and regional. With over 72% of all stakeholders in the rural communities supporting the measures on Pillar 3, it can be noted that the effects of RDP is beneficial at community level. While a positive effect can be noted, the design review of the Romanian RDP is considered flawed because of poor management and lack of technical expertise of the design team. Thus, 52.6% of all stakeholders consider that the current NRDP needs revising while 28.87% consider that a new NRDP, constructed from scratch is needed.

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