

# TERRITORIAL COHESION IN EUROPE

International Conference for the 70 th  
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## Study of rural development durability funded by the European Union in Harghita county, Romania

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# The study proposed to answer the following research questions

- What are the concepts, theories and methodologies which describe and measure the effect of rural development?
- Which is the measure of concordance within Romanian rural areas and European Union Strategies, Europe 2020- special attention in analysis to Harghita county?
- What are the rural funds which generate rural development in Romania, especially in Harghita county?
- What are the effects of these funds and what changes are necessary to be brought in order that the rural development effect be sustainable?

# The Research

- Analysed setting: Harghita county
- European Union funds analysed – project funds of national rural development, as a comparison the Regional Operational Programme and the direct agricultural payments
- Data of the analysed funds up to 31 March 2013
- In order to respond to these questions I used the following research methods:
  - data base analysis on national statistical data and the Romanian agency for Rural Development Programme funds, data of the Regional Operational Programme and the Agency for Payments and Intervention in Agriculture
  - interviews with stakeholders in the county's rural development

- My doctoral thesis deals with the topic of sustainable rural development through EU funds, thus the present research also focuses mainly on rural development funds
- My approach studies the effect of EU funds on sustainability and on its effects on the region in general
- The topic's validity is underlined by the Europe 2020 strategy, whose principle aim is a strategy of smart, sustainable and inclusive growth.

Marsden, 2003:

- Sustainable rural development is a territorially-based development which redefines nature by re-emphasizing food production and agro-ecology and that re-assert the socio-environmental role of agriculture. Agriculture is a major agent in sustaining rural economies and cultures.

Sonnino R. et al, 2008:

- The sustainable rural development paradigm is very important because it holds the potential for a reconstituted agricultural and multi-functional land-based rural sector.

# Szócs - Vincze – Marton, 2012

- Studying the rural development funding of one county in four development regions they concluded that the economical dimension has a greater effect while the environmental dimension is totally neglected. Since there are no size limits or needs set for the territories who apply for these funds the mayors' personal and administrative capacity determines the effectiveness and the projects are not really sustainable.

# Bíró Boróka- Júlia, 2012

- The author, applying the method of input-output analysis, has examined the impact of the common agricultural policy's support. The results show that the amount of funding has an average impact on economy, namely, increasing the demands in economy with 1 RON the demand of the input factors increases to 1,8089, and the output rises to 1,7485. The final increase of the agricultural demand with 1 RON leads only to 0,2344 RON income growth in the total economy.





## Mainly mountainous region, arable land, pasture and woods

Total territory	Agricultural land	Arable	Pasture	Meadow	Vineyard	Orchard	Woods	Lakes	Other	
Romania	100	61,6	64,2	22,6	10,4	1,5	1,4	28,3	3,5	6,6
<b>Central region</b>	100	56,0	40,3	33,6	24,9	0,5	0,7	36,6	0,9	6,5
Alba	100	52,6	40,1	36,4	21,8	1,4	0,3	36,5	1,0	9,9
<b>Brasov</b>	100	52,7	43,8	34,3	21,4	0,0	0,5	38,4	1,1	7,8
<b>Covasna</b>	100	50,2	44,8	32,7	22,0	0,0	0,5	44,5	0,8	4,5
<b>Harghita</b>	100	59,7	23,1	37,1	39,6	0,0	0,2	35,7	0,6	3,9
<b>Mures</b>	100	61,1	54,0	26,7	17,6	0,5	1,2	31,3	1,0	6,6
<b>Sibiu</b>	100	56,2	38,3	35,3	23,9	0,9	1,7	37,2	1,1	5,5

## Evolution of rural population, more than half of the county's population lives in rural area

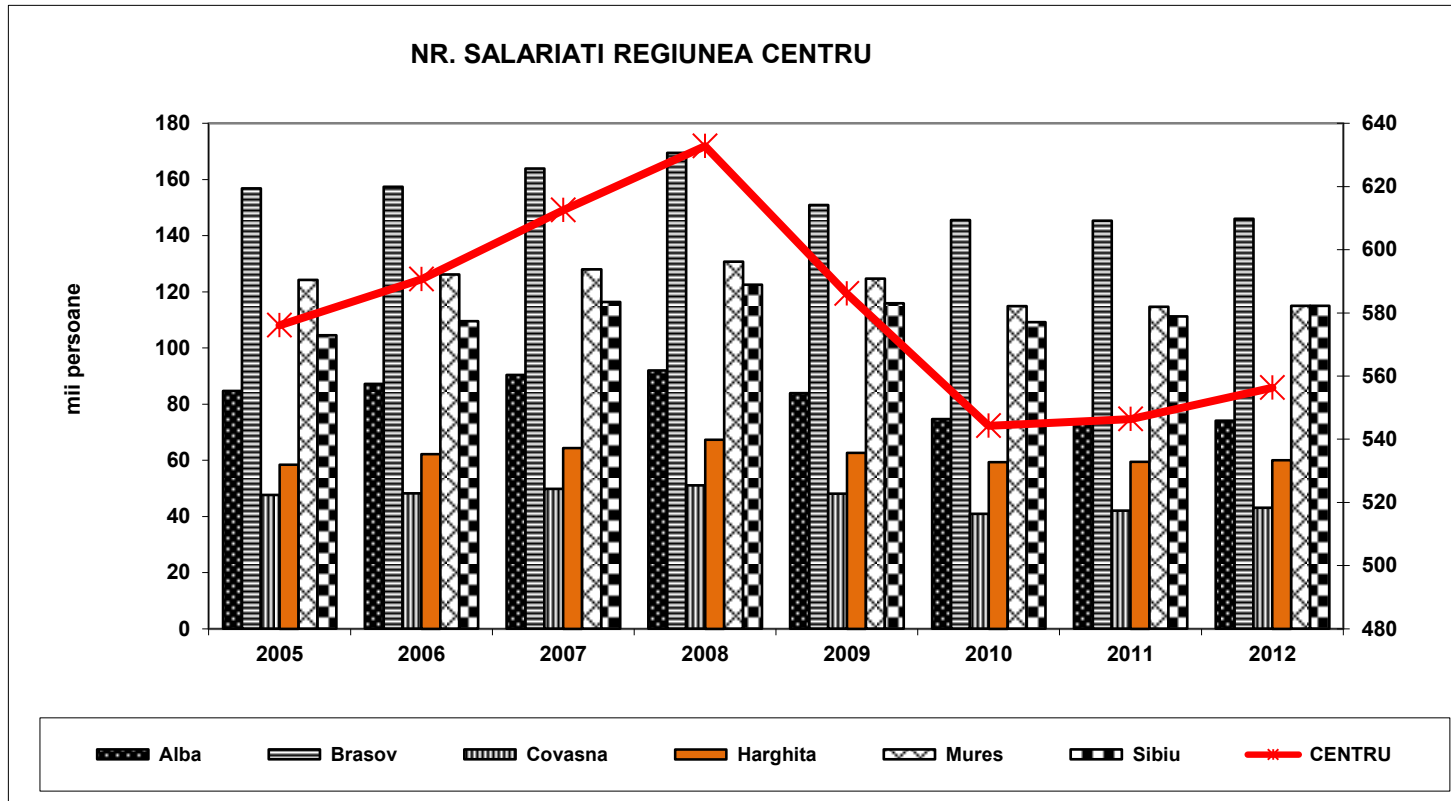
	1990	1995	2000	2005	2010	Difference 2010/1990
<b>Central region</b>	39,5	39,2	39,5	40,0	40,6	1,1 pp
<b>Alba</b>	44,8	42,3	41,1	42,0	41,3	-3,6 pp
<b>Brasov</b>	23,5	23,5	24,3	25,2	26,4	2,9 pp
<b>Covasna</b>	46,2	47,0	47,7	49,5	50,0	3,9 pp
<b>Harghita</b>	52,3	53,9	54,2	55,6	56,1	3,8 pp
<b>Mures</b>	49,0	48,2	48,6	47,2	48,0	-1,0 pp
<b>Sibiu</b>	33,1	31,3	31,6	32,3	33,1	0,0 pp

Data of the Romanian National Institute of Statistics

Population density: inhabitant/ square kilometer

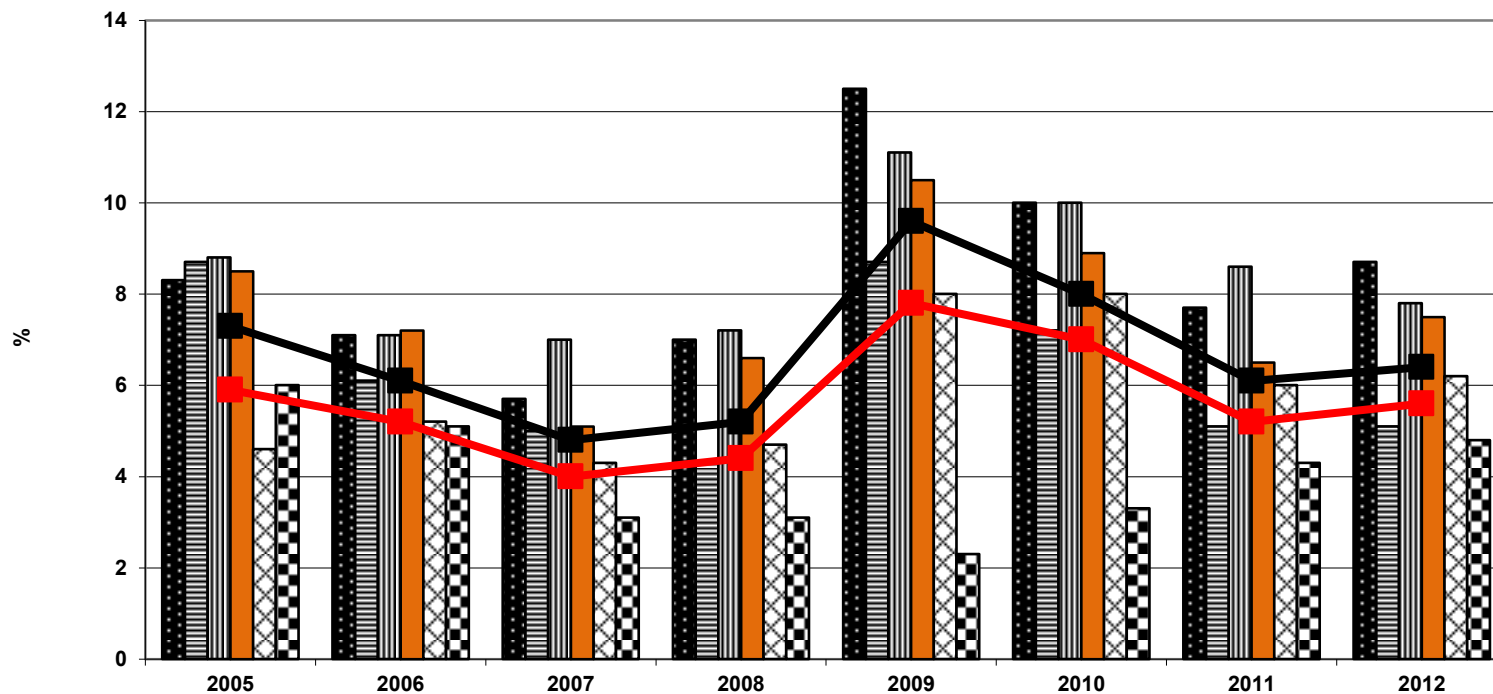
	<b>Total</b>	<b>Urban</b>	<b>Rural</b>
<b>Central region</b>	74,0	242,4	36,7
<b>Alba</b>	59,9	159,8	31,7
<b>Brasov</b>	111,4	358,7	38,0
<b>Covasna</b>	60,0	209,9	35,0
<b>Harghita</b>	48,9	149,4	32,1
<b>Mures</b>	86,5	352,9	47,5
<b>Sibiu</b>	78,3	227,8	33,5

# Low employment rate



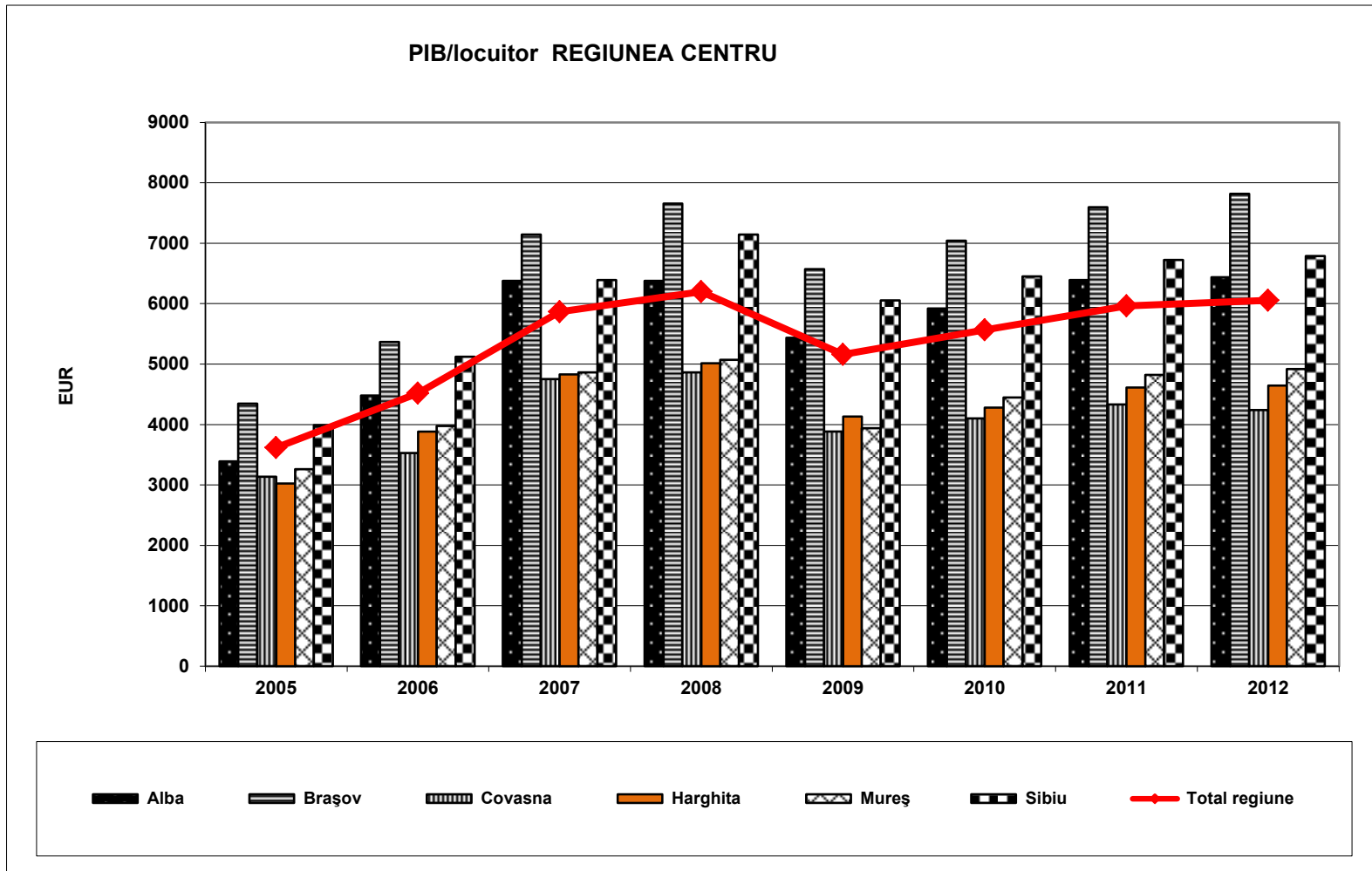
# High unemployment

RATA SOMAJULUI REGIUNEA CENTRU

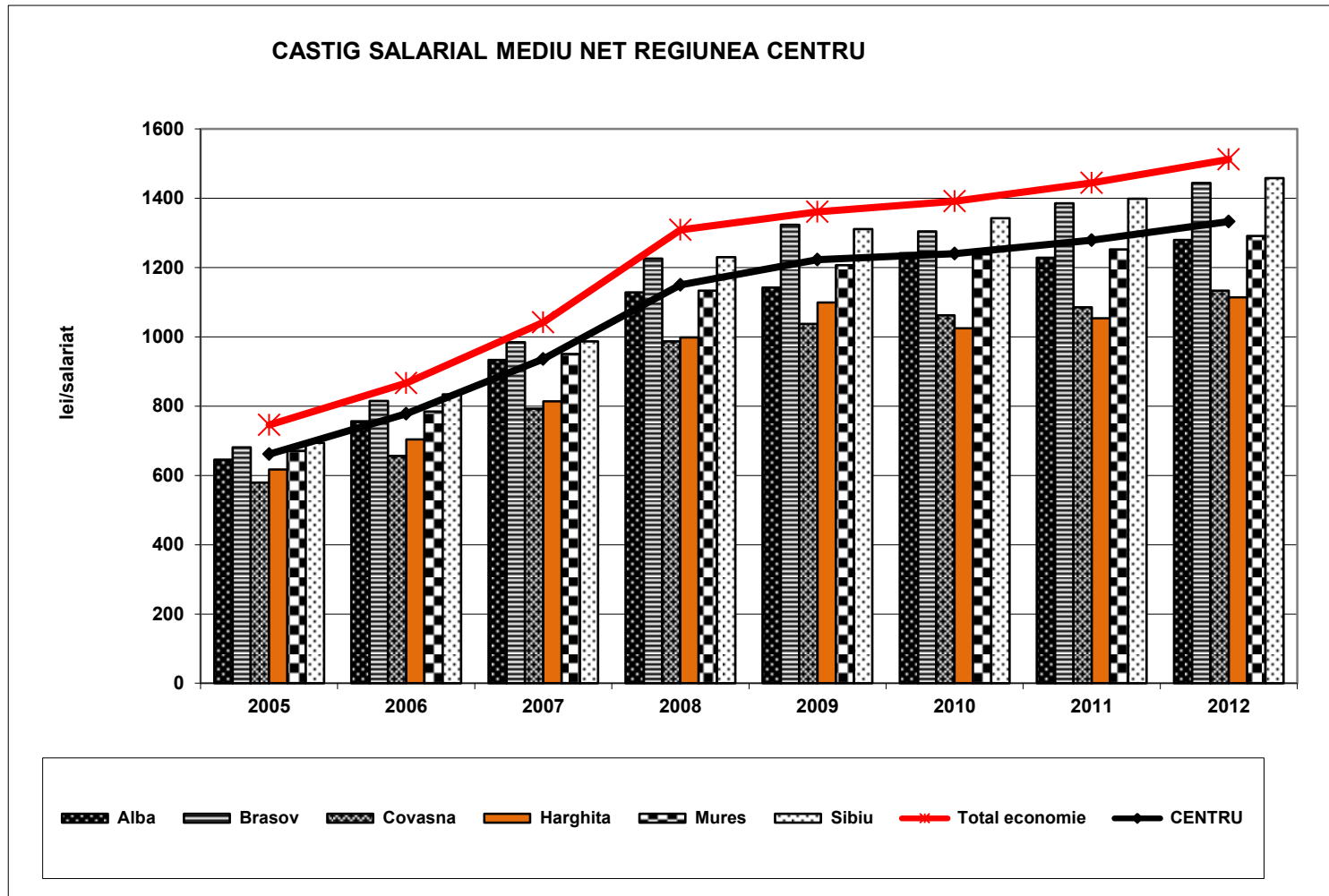


Alba Braşov Covasna Harghita Mureş Sibiu Total economie Total regiune

# Low GDP/ capita



# Low income



<b>Ranking among the 42 counties</b>	<b>County</b>	<b>GDP/ per capita 2012</b>
3	Brasov	41352
6	Sibiu	34253
8	Alba	32334
19	Mures	23824
25	Harghita	21945
33	Covasna	20252



Although most of these localities are considered to be developed and developing

County	Very poor localities (%)	Poor localities (%)	Average localities (%)	Developing localities (%)	Developed localities (%)
Alba	19.5	13.4	21.6	16.2	29.3
Brasov	4.8	8.1	9	16.8	61.3
Covasna	3.9	11.9	19.1	22	43.1
Harghita	4.7	9.6	10.9	21.9	<del>52.9</del>
Mures	15	14.4	16.6	23.4	30.5
Sibiu	0.4	0.7	13.6	16	51.3

# **Priority axis of the National Rural Development Programme**

## **Axis 1**

### **Improving the competitiveness of the agricultural and forestry sector**

1.1. Vocational trainings in order to increase the management capacity

1.1.2. Schemes promoting the establishment of young farmers

1.2. The modernisation of agricultural and forestry holdings and the improvement of their commercial performance

1.2.1. Bringing in new technology

1.2.3. Adding value to primary agricultural and forestry production

1.2.5. Improving and developing infrastructure related to the development and adaptation of agriculture and forestry

1.3. Provisional measures

1.4.1. aid for semi-subsistence holdings

1.4.2. aid for the establishment of producer groups

## **Axis 2**

### **Improving the environment and the countryside**

2.1. Promoting long term land management

2.1.1. Support for mountain regions with natural handicaps and other disadvantaged areas which only cover commitments that go beyond the corresponding obligatory standards.

2.1.4. support for non-productive investments linked to the achievement of agro- or forest-environmental commitments

2.2.1. support for the first afforestation of agricultural land

### **Axis 3**

#### **Quality of life in rural areas and diversification of the rural economy**

##### 3.1. The diversification of the rural economy

3.1.2. support for the establishment and development of micro-businesses

3.1.3. promotion of tourism

##### 3.2. Improving the quality of life in rural areas

3.2.2. renovating and developing villages and preserving and making the best use of the rural heritage

### **Axis 4**

#### **LEADER**

##### 4.1. The implementation of local development strategies

4.1.1. Improving the competitiveness of the agricultural and forestry sector

4.1.2. Improving the environment and the countryside

4.1.3. Quality of life in rural areas and diversification of the rural economy

4.2.1. Implementing public-private partnership projects

4.3. Action groups for rural territories

4.3.1 Building public-private partnerships

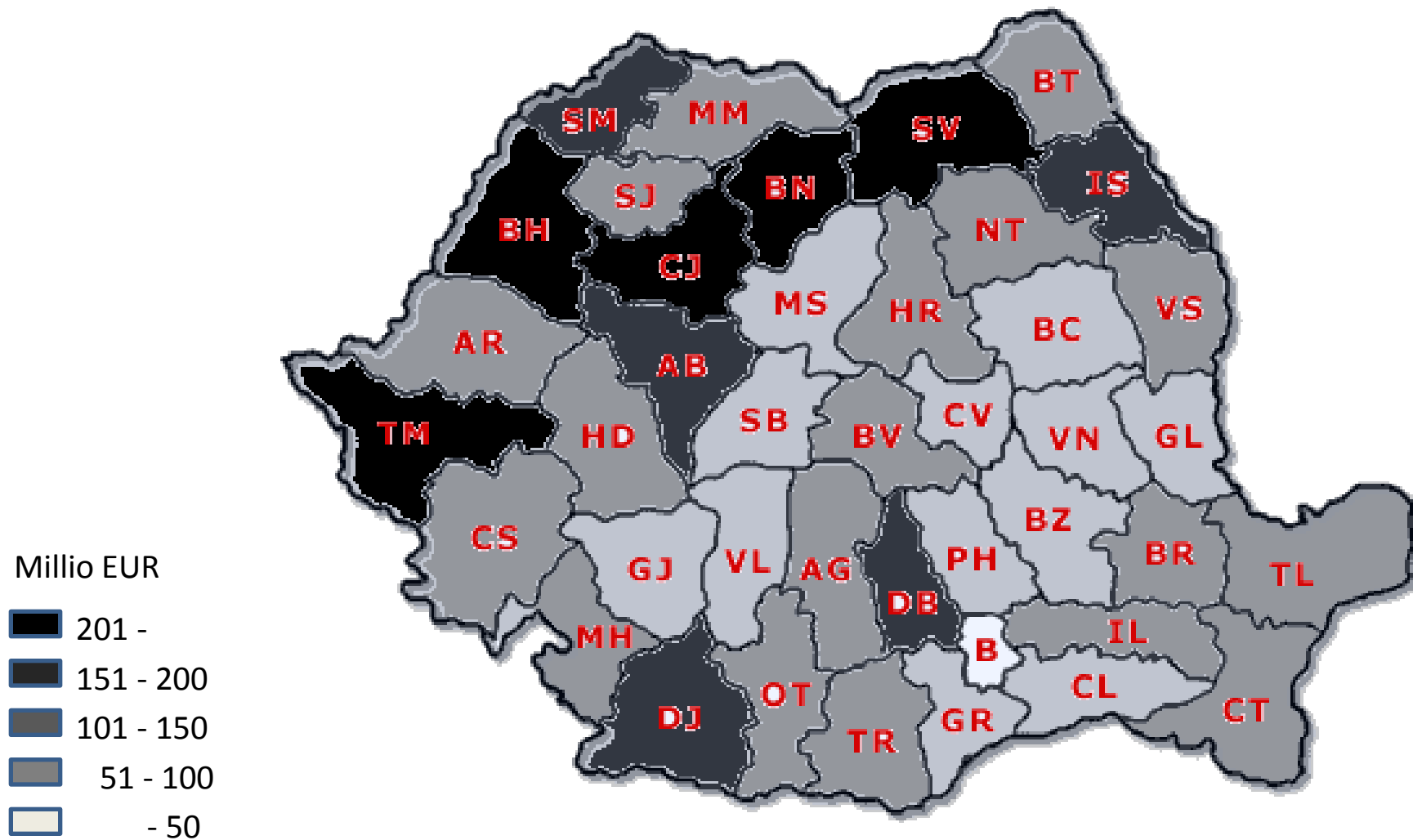
4.3.2 Local action groups

•Harghita county has an average ranking in total

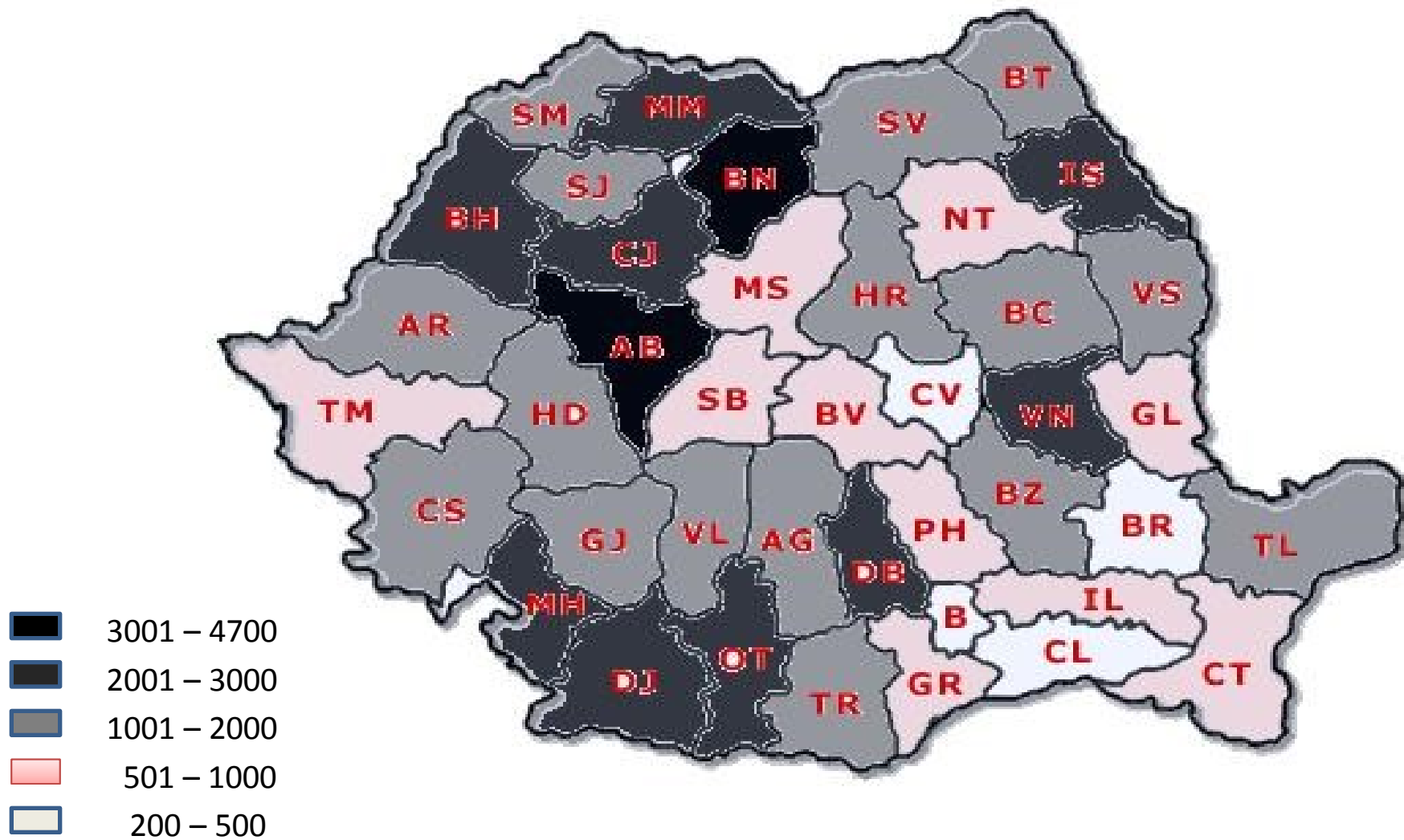
# Analysing successful measures

- 12 of the 20 measures were envisaged for contest (besides the LEADER axis)
- Sector involvement: more (8) agricultural, 2 tourism, 2 multi-sectoral
- Target platforms: mostly private individuals and individuals dealing with agriculture, agricultural businesses, tourism businesses, other businesses, local governments, forestry, public ownerships
- Especially prevail the economic objectives, then the environmental and the least or indirectly the social objectives.

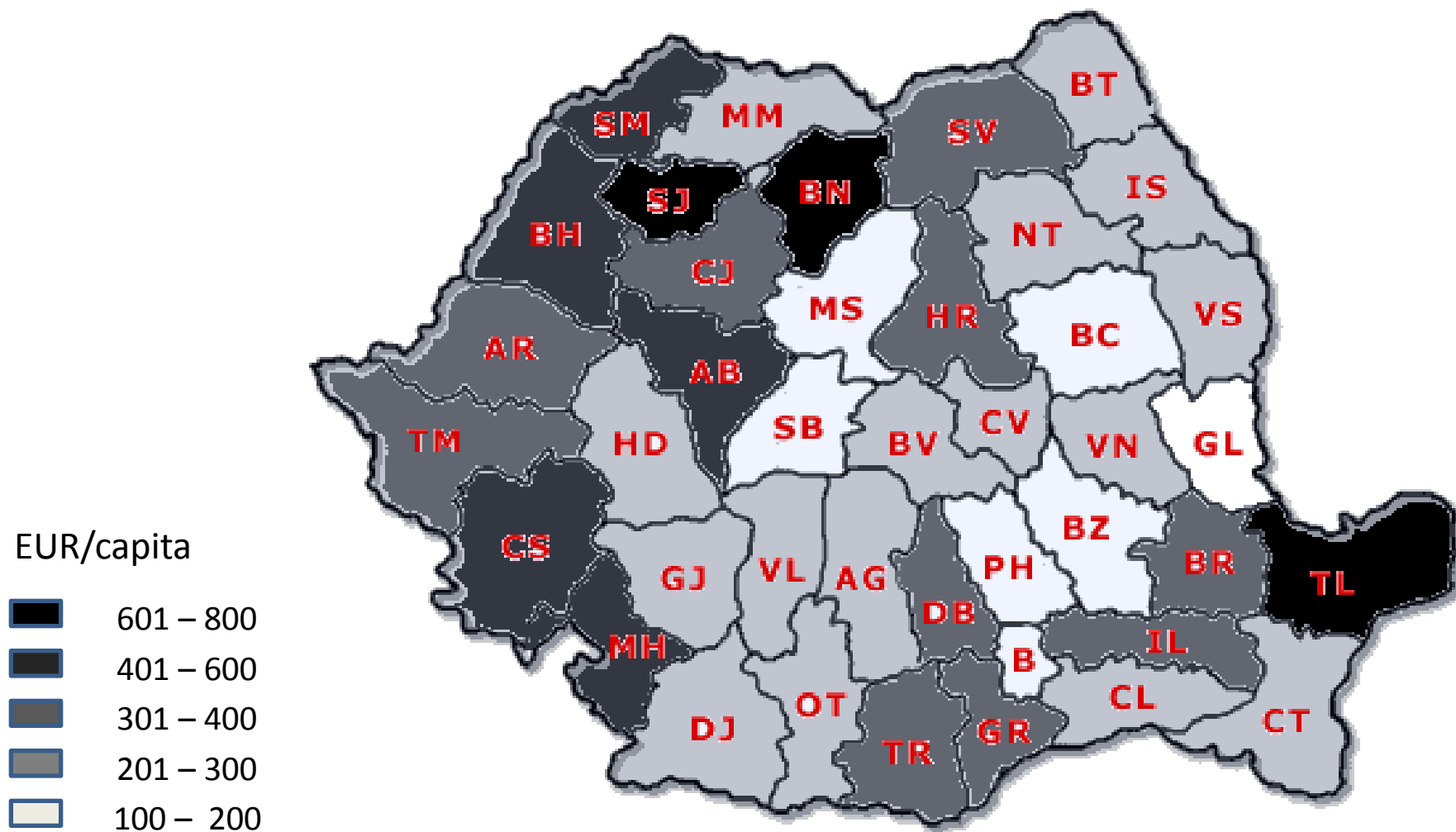
# National Rural Development Programme: Total amount of project funds



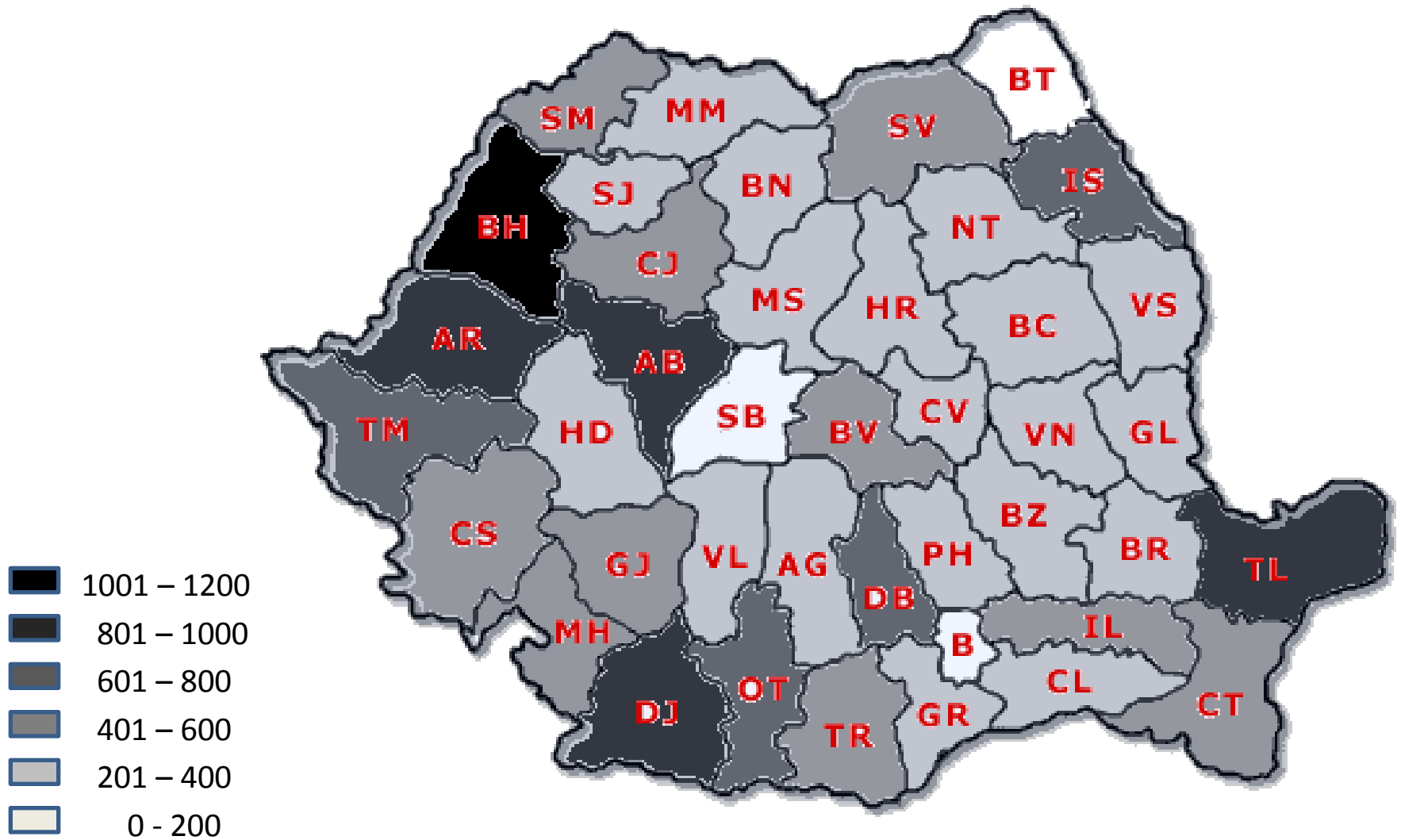
# National Rural Development Programme: Number of Projects



# National Rural Development Programme: The per capita subsidy

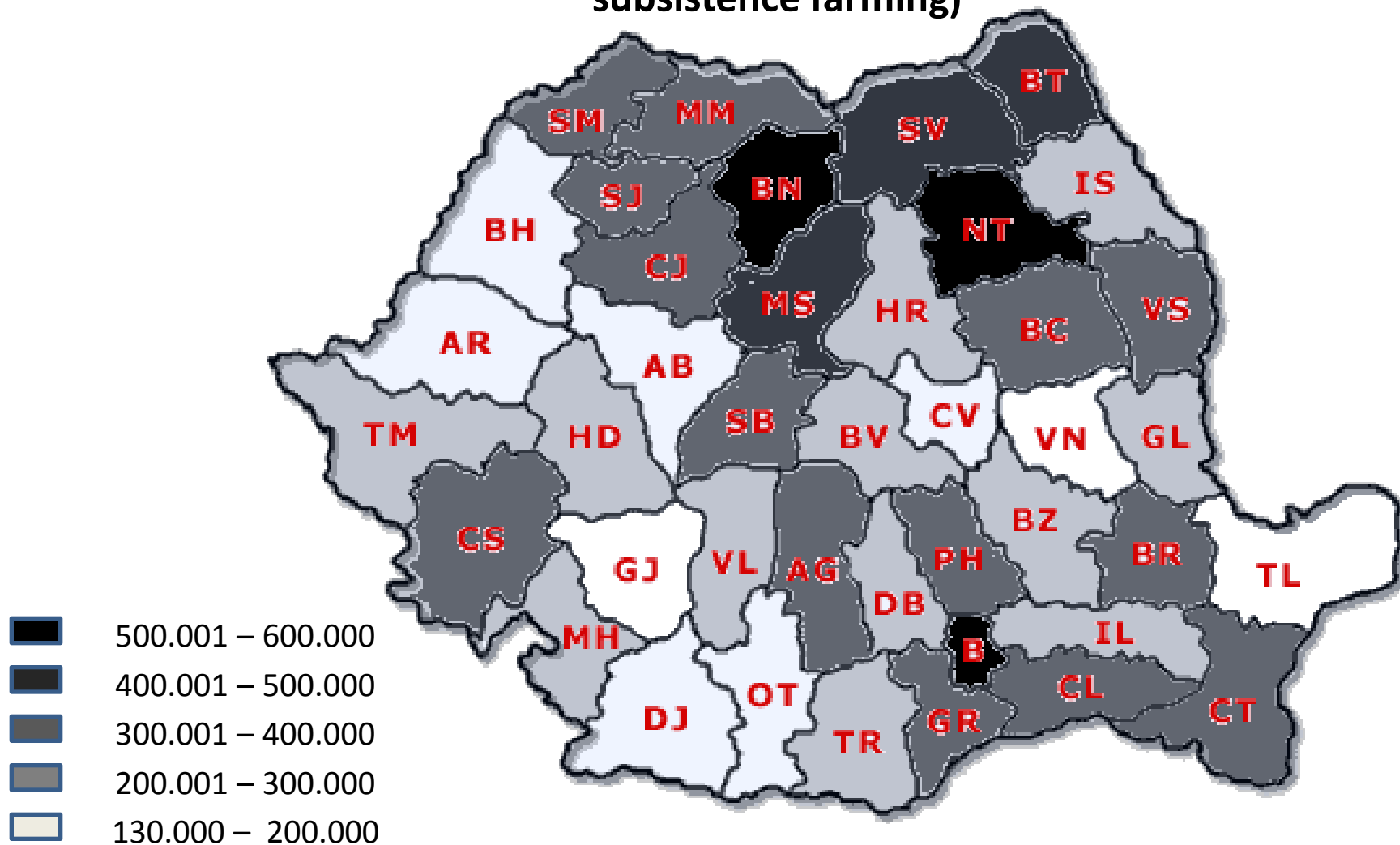


**National Rural Development Programme:  
Number of projects (without no.141- support  
of semi-subsistence farming)**

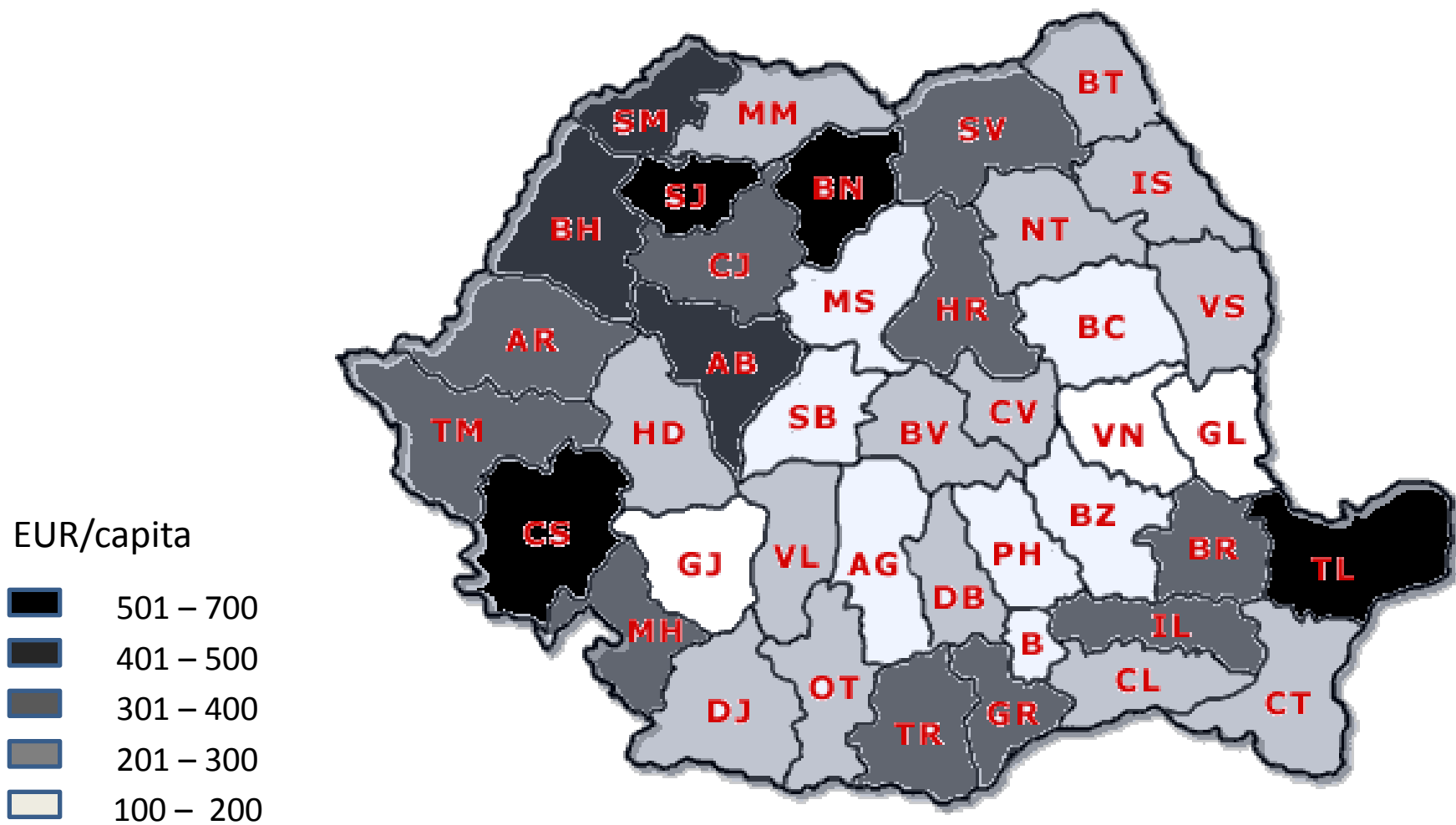




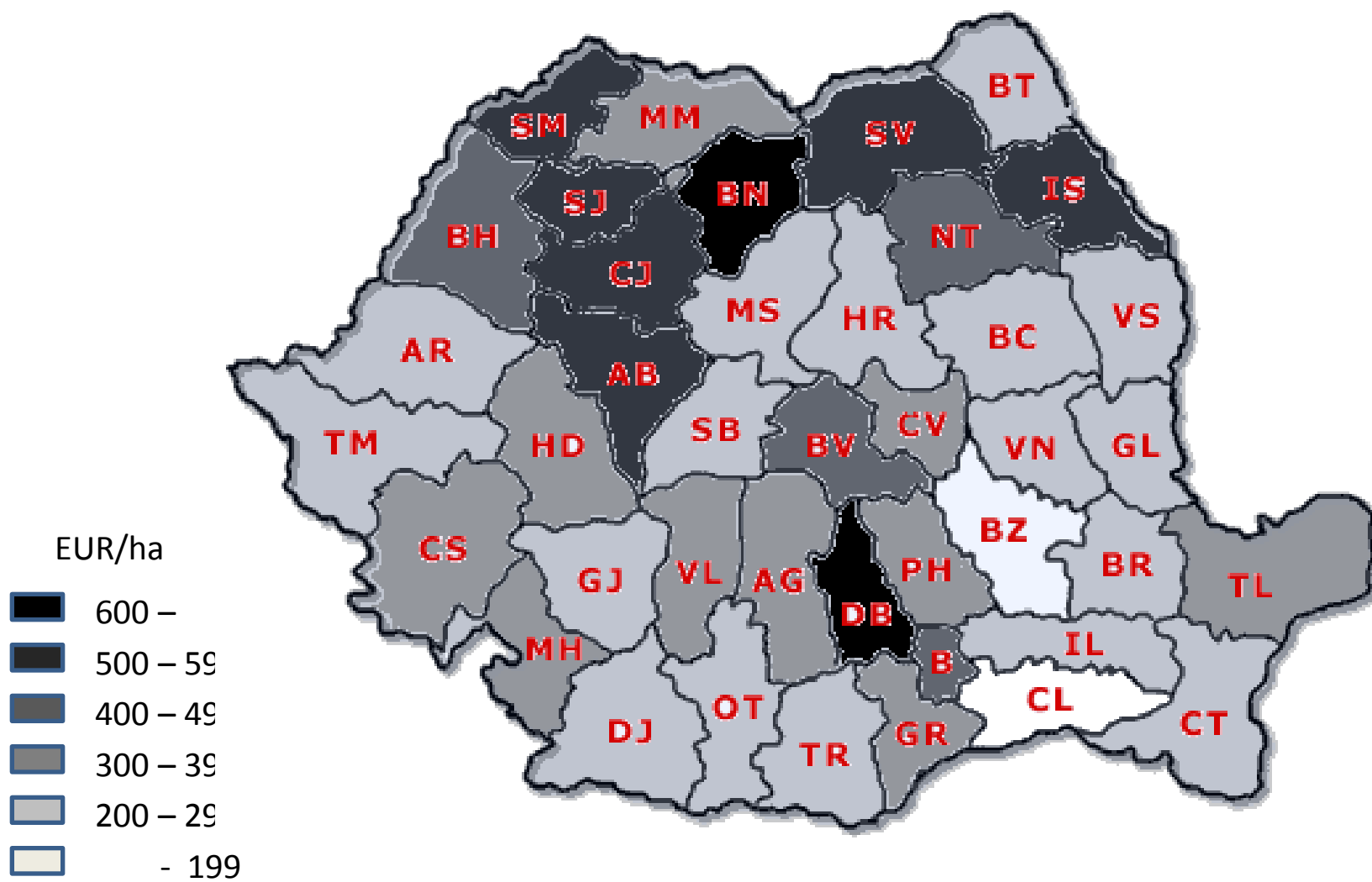
# National Rural Development Programme: Average value of projects (without no.141- support of semi-subsistence farming)



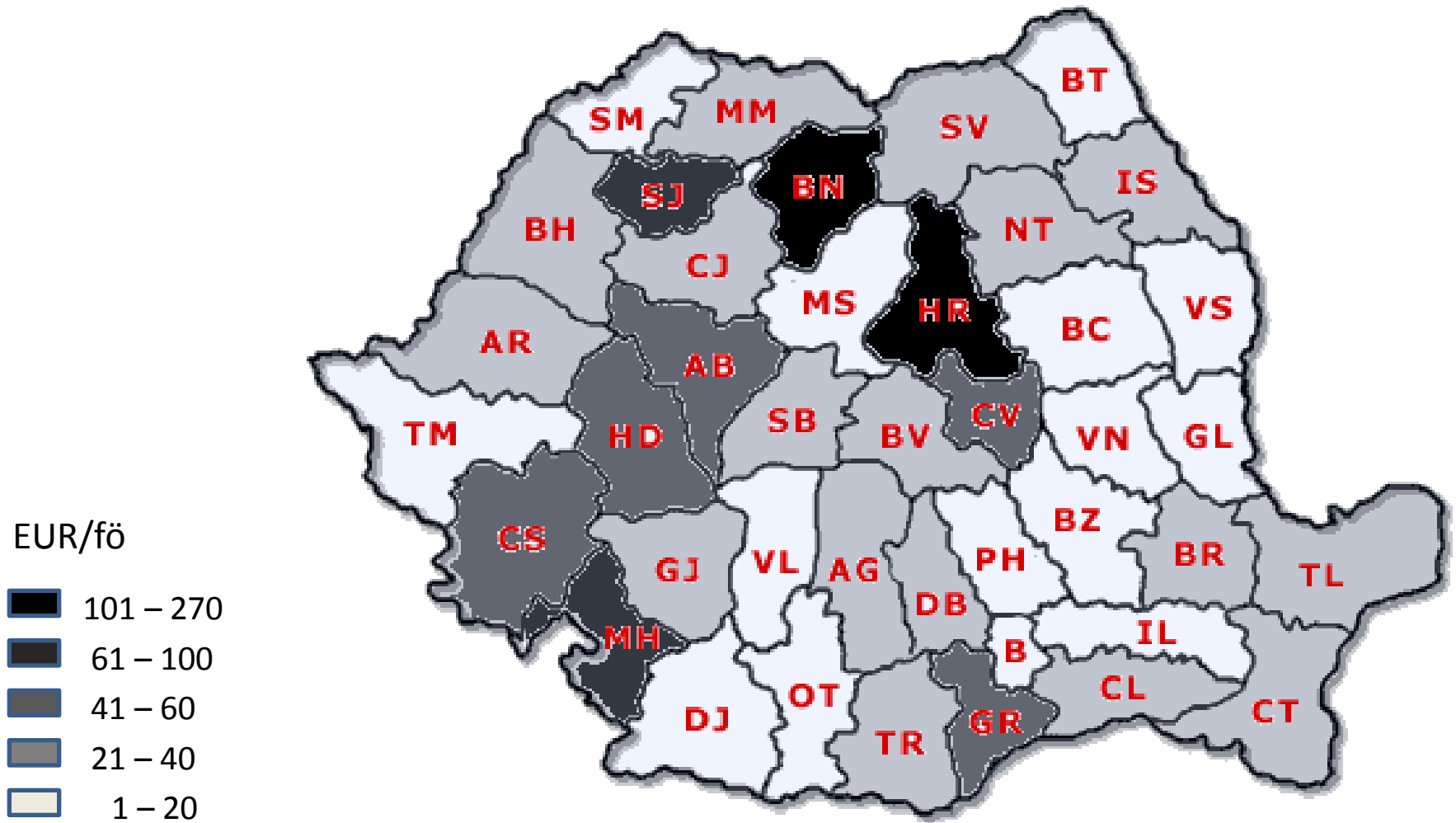
# National Rural Development Programme: The per capita subsidy (without no. 141)



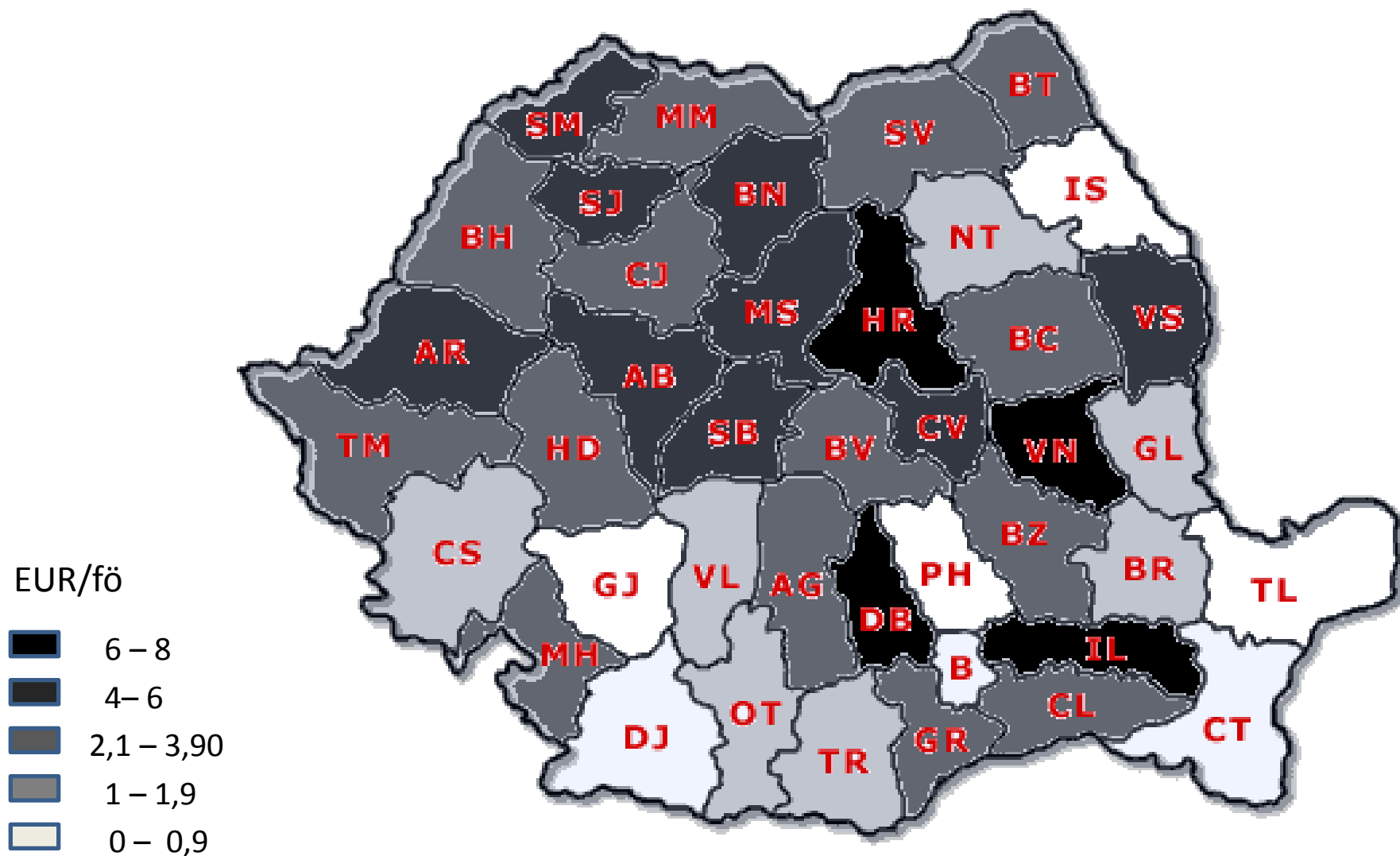
# National Rural Development Programme: Project value per 1ha agricultural land



**National Rural Development Programme:  
- 125- Developing agricultural and forestry  
infrastructure: per capita subsidy**



# National Rural Development Programme: - 431 LEADER axis: per capita subsidy

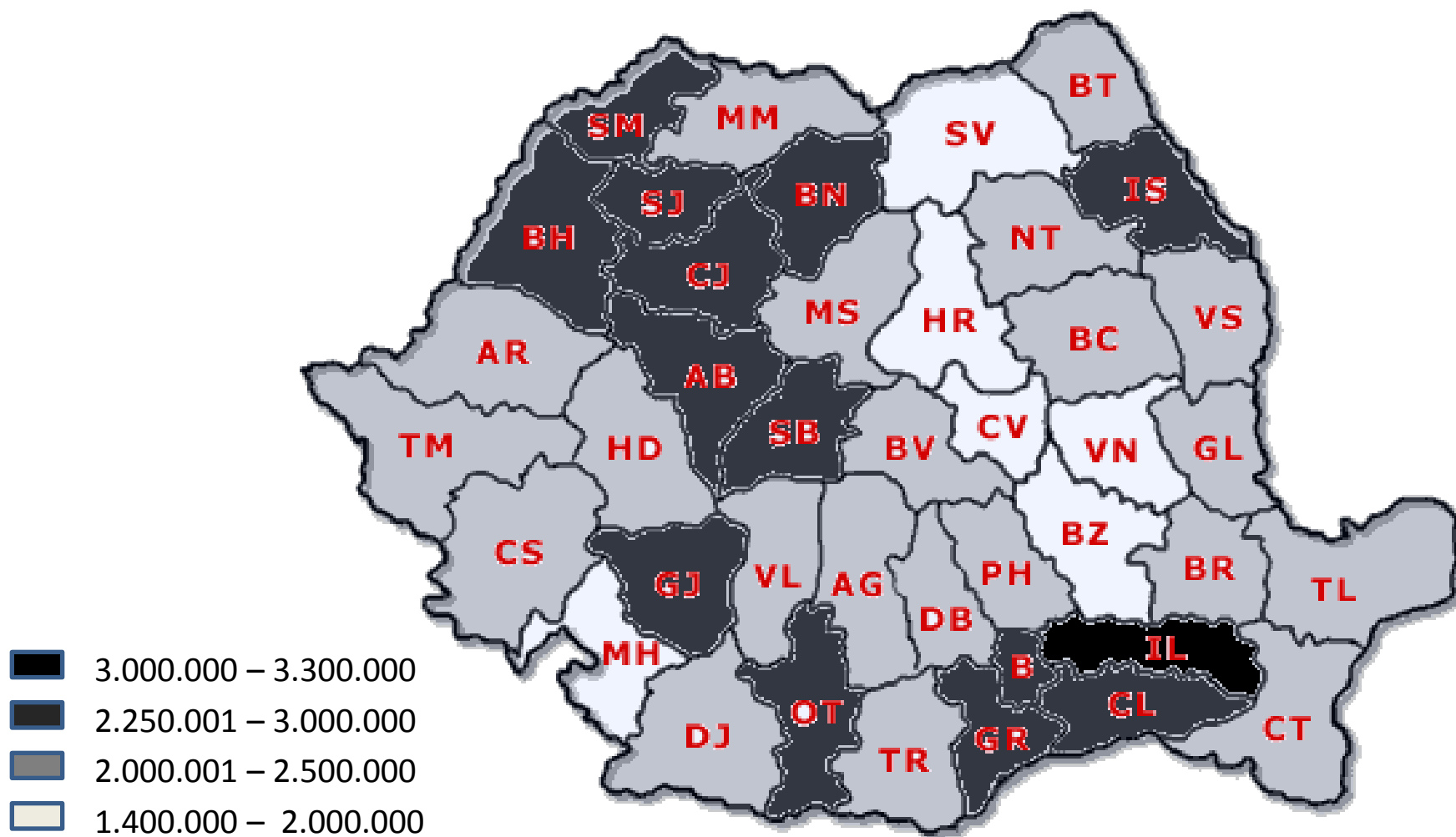


# Amount of payments allocated under the LEADER axis

Association of Local Action Group Area Development Giurgiu G. 10	571 358,20
Association of Local Action Group Area Development Sovidek Hegyalja	571 358,20
Association of Gal Homorod - Rika - Tarnava	570 650,00
Association of Leader Csik	422 154,46

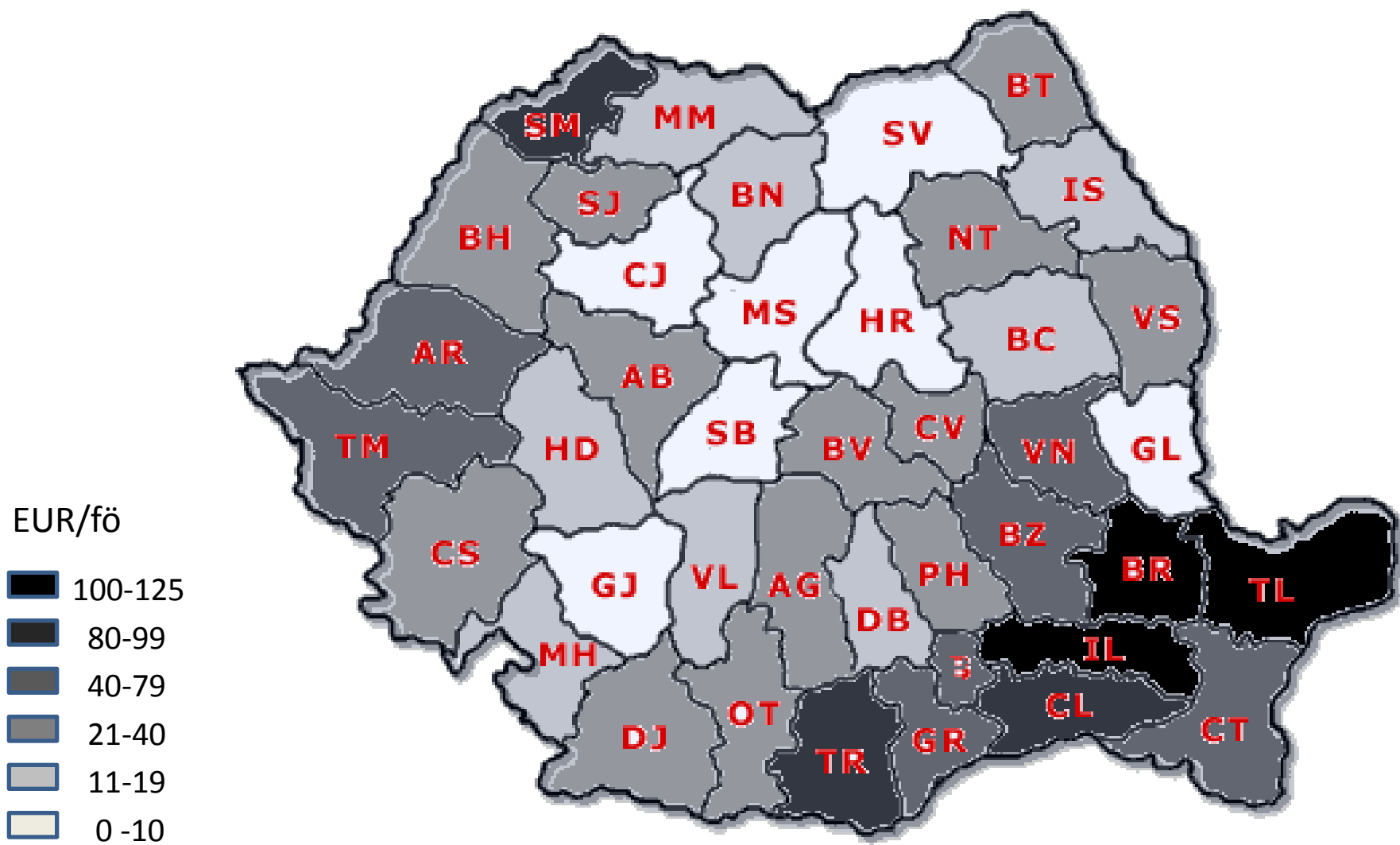


## NRDP- 322 – Renovating and developing villages: average value of projects



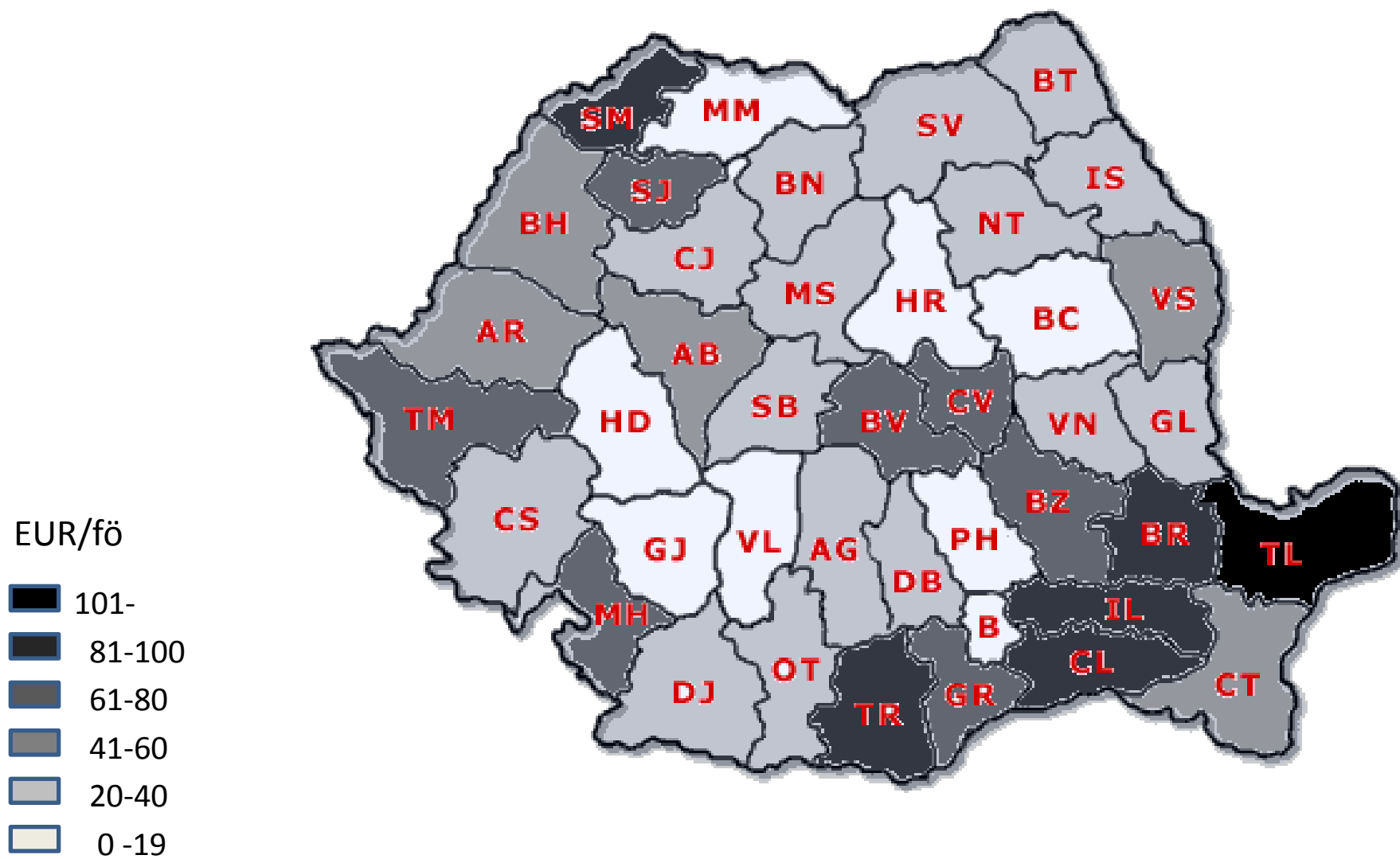


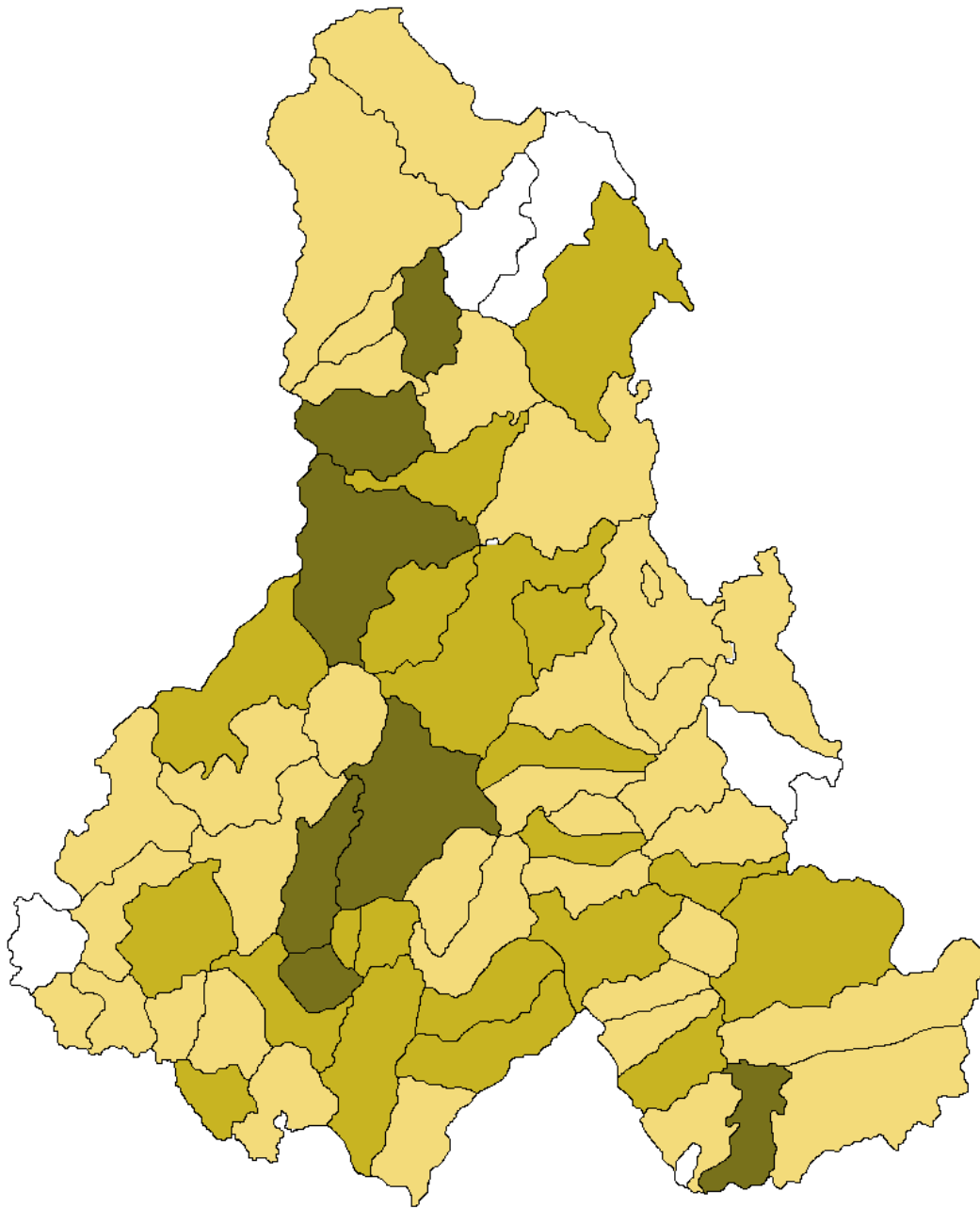
# NRDP- 123- adding value to primary agricultural and forestry production: per capita subsidy



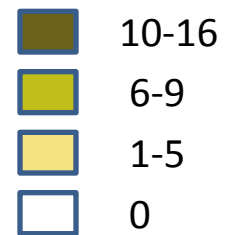


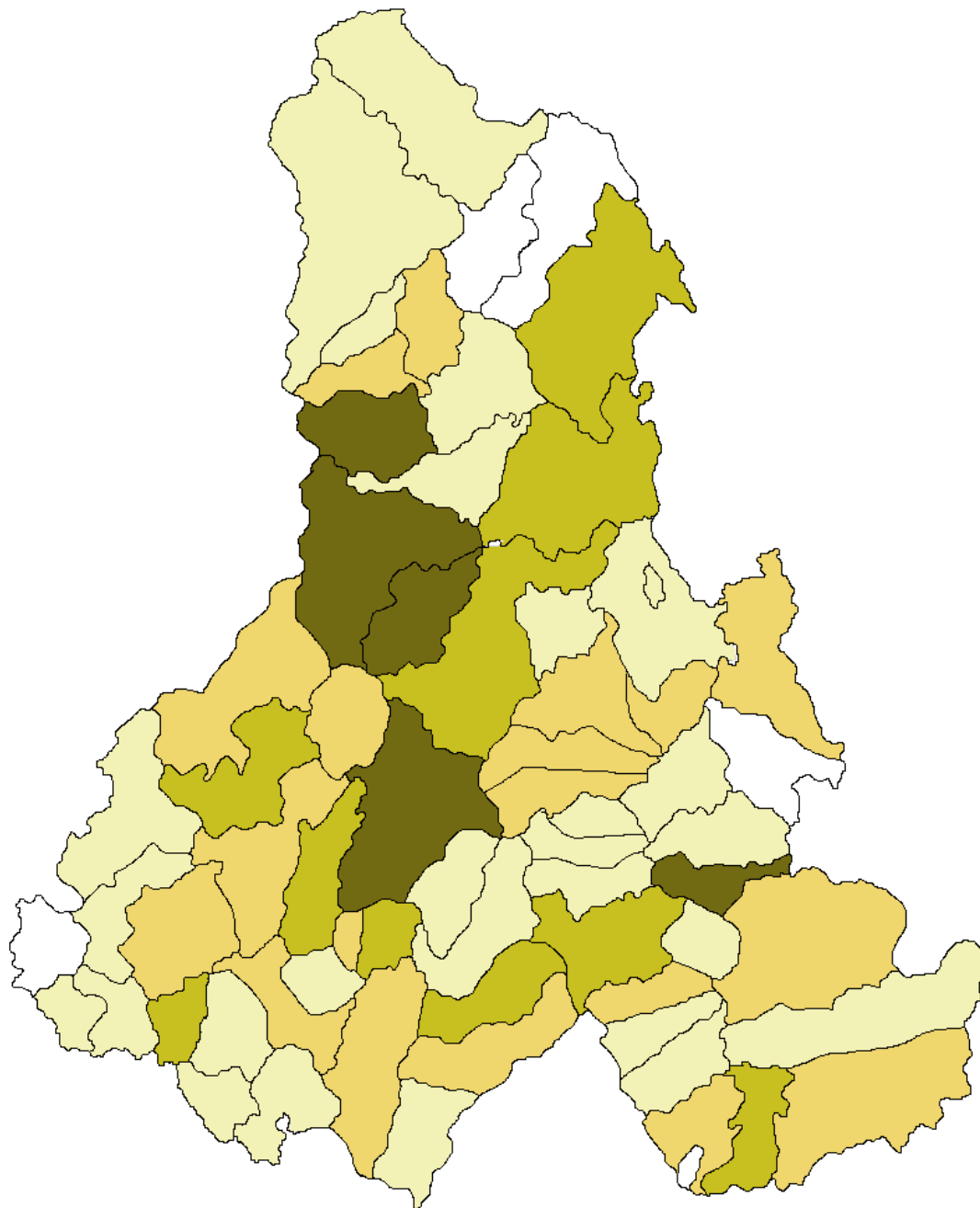
## NRDP- 121- the modernisation of agricultural and forestry holdings: per capita subsidy





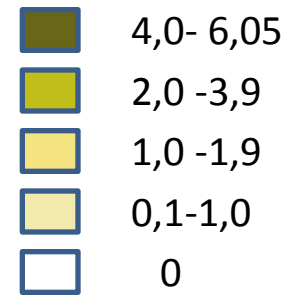
**Number of projects**

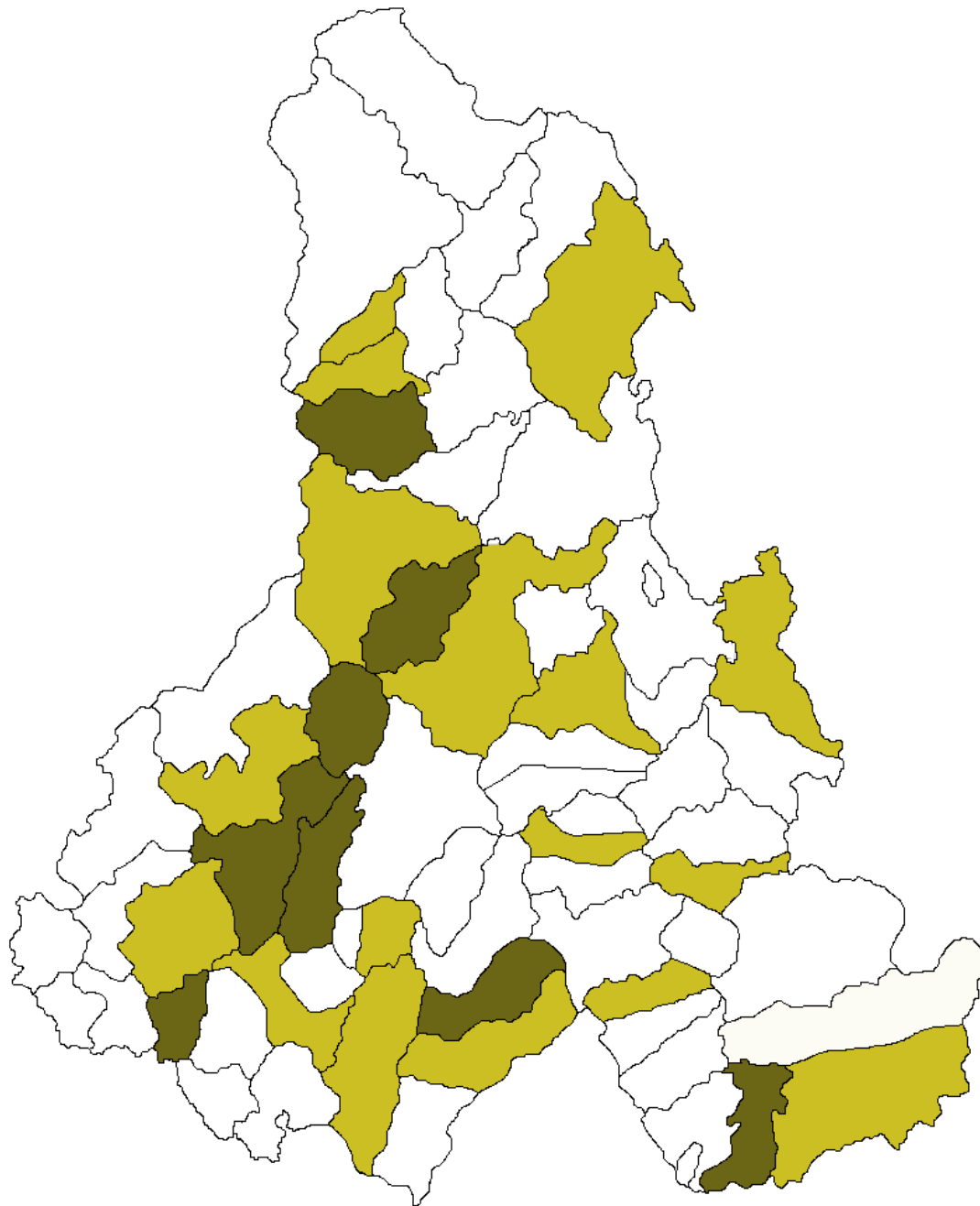




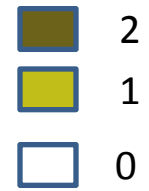
**Total value of projects**

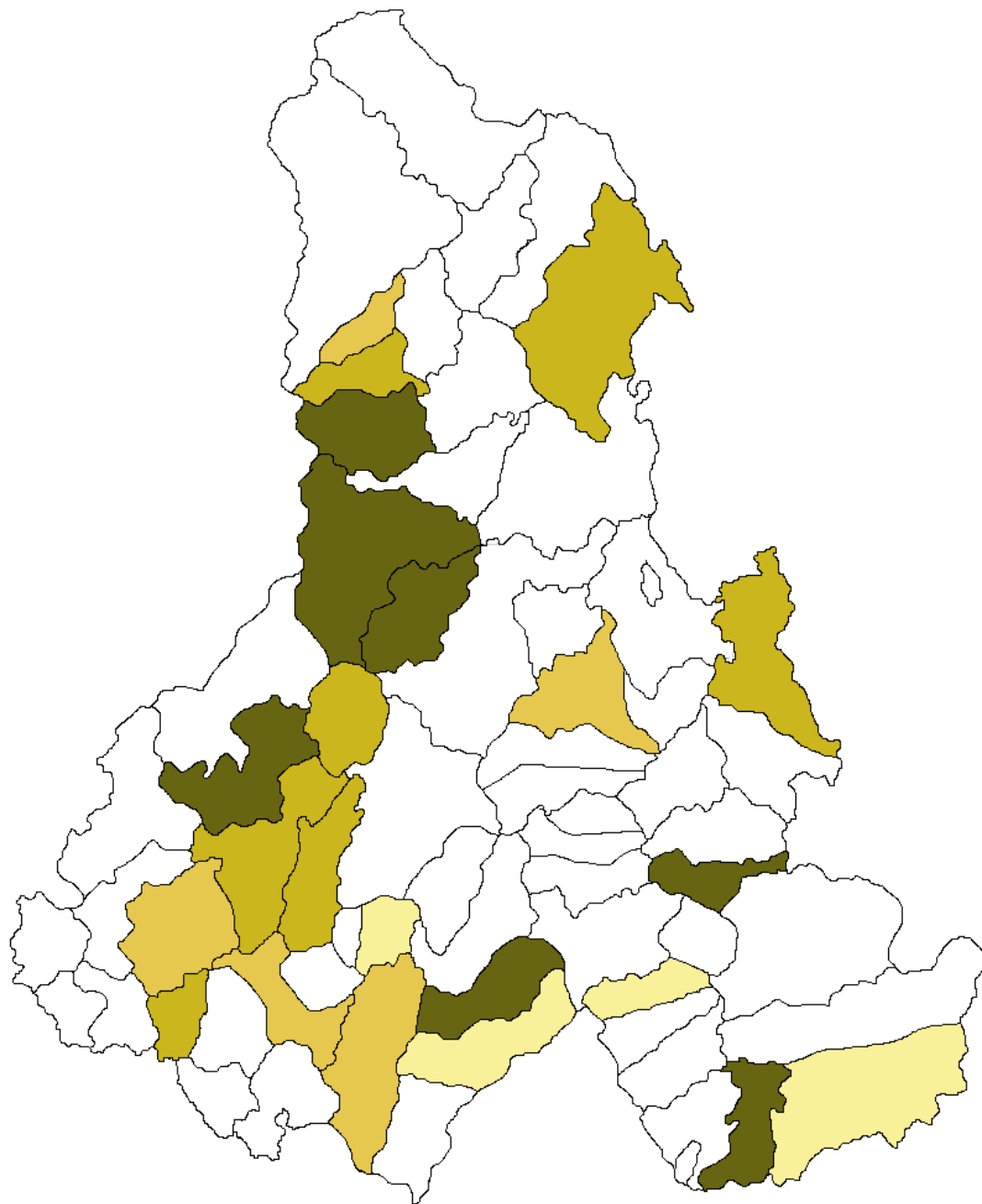
*1000 EUR*



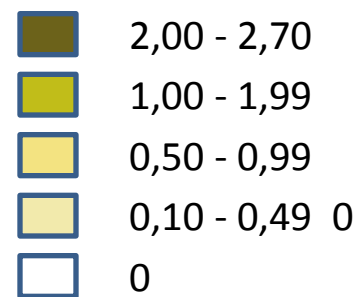


**Number of projects—  
*Local governments***





**Project values-**  
**Local governments**  
- 1000 EUR

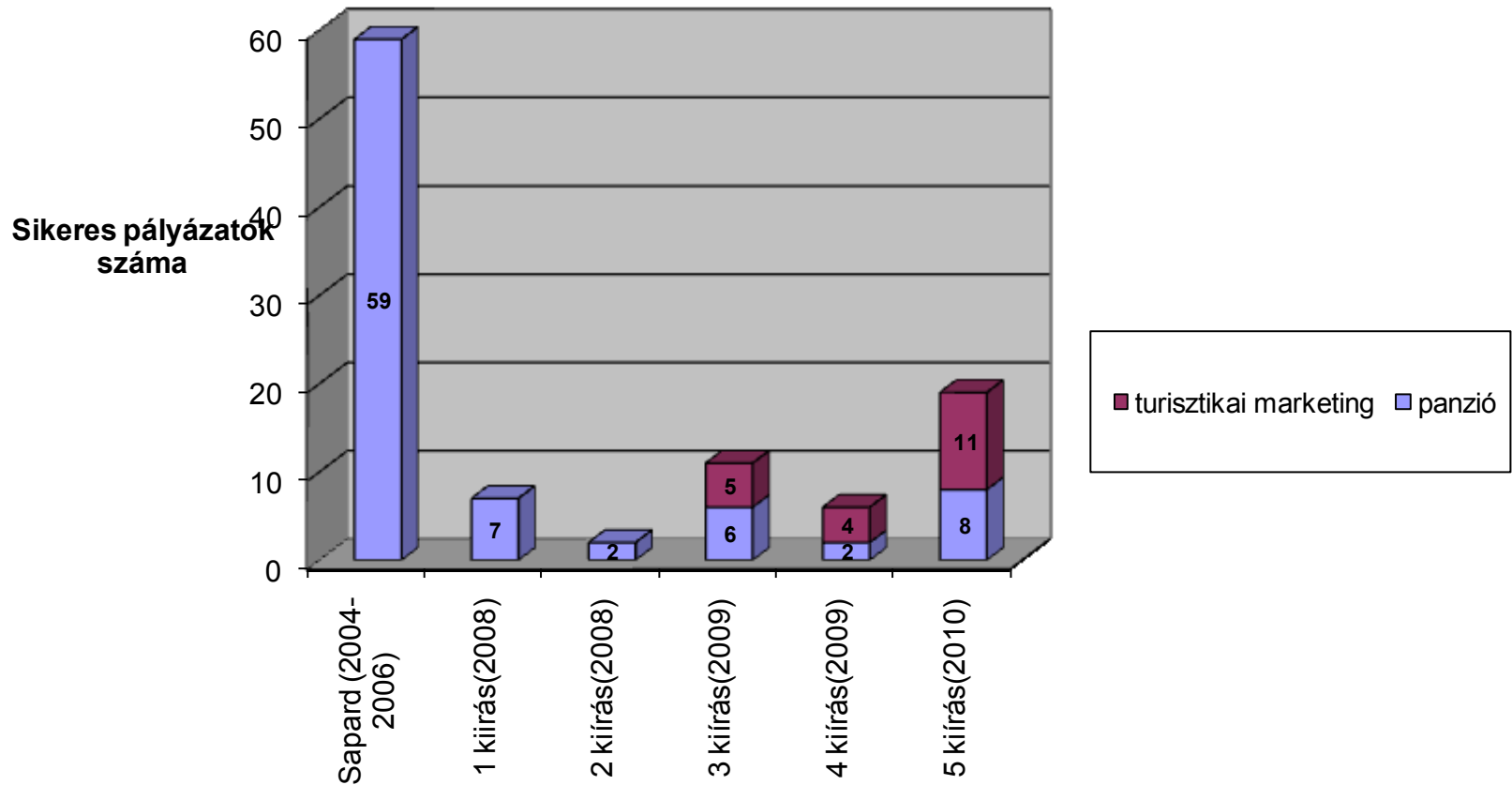


<b>County Central development region- Nuts 2</b>	<b>Total amount- RON</b>	<b>The best performing county in percentages</b>
Alba	184315242	100
Brasov	115680197	63
Harghita	113313996	61
Mures	93173268	51
Sibiu	71087862	39
Covasna	59394582	32



# The question of timing

Number of tourism projects in Harghita

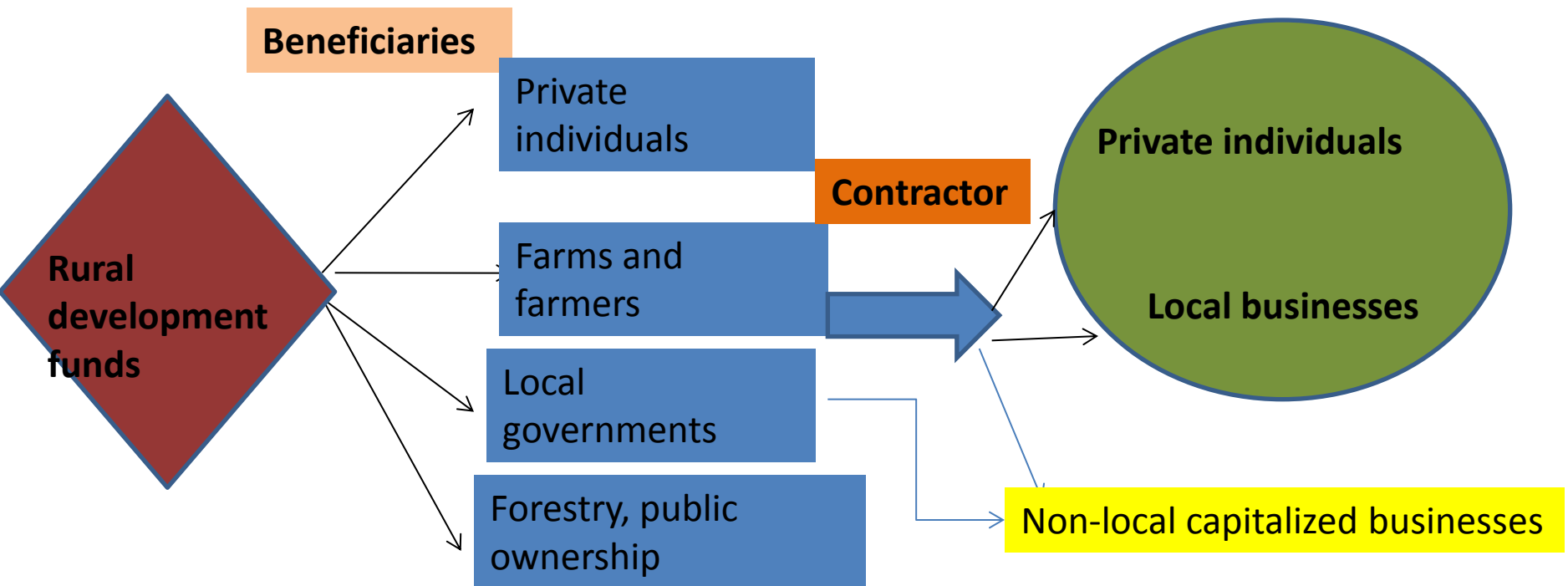


## Economic structural change

Changing the value of Rural Development projects for tourism 2004- 2010

<b>Year</b>	<b>Pension</b>	<b>Tourism marketing</b>	<b>Total</b>
<b>2004-2006</b>	<b>4 943 767</b>		<b>4 943 767</b>
<b>2008</b>	<b>6 269 912</b>		<b>6 269 912</b>
<b>2009</b>	<b>5 714 152</b>	<b>5 730 744</b>	<b>11 444 896</b>
<b>2010</b>	<b>1 469 976</b>	<b>1 570 467</b>	<b>3 040 443</b>
<b>Total</b>	<b>18 397 807</b>	<b>7 301 211</b>	<b>25 699 018</b>

# Most of the rural development funds remain in the local economy



# Regional Operational Programme

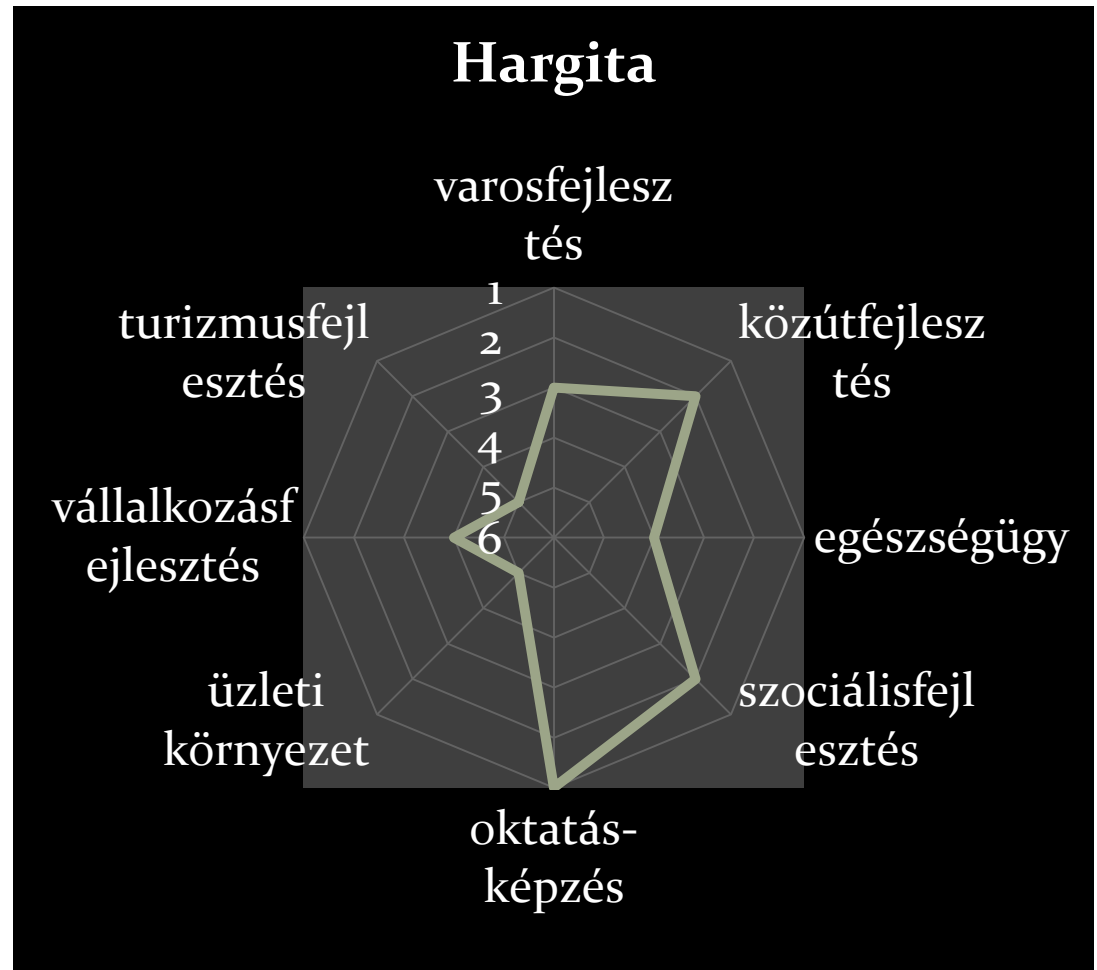
- The overall objective of the ROP consists of supporting and promoting sustainable local development, both economically and socially, in Romania`s regions, by improving the infrastructure conditions and business environment, which support economic growth. This means that the ROP`s aim is to reduce economic and social development disparities between the more developed regions and the less developed ones focusing on the unique needs and resources of the regions.

The priority axes of the ROP:

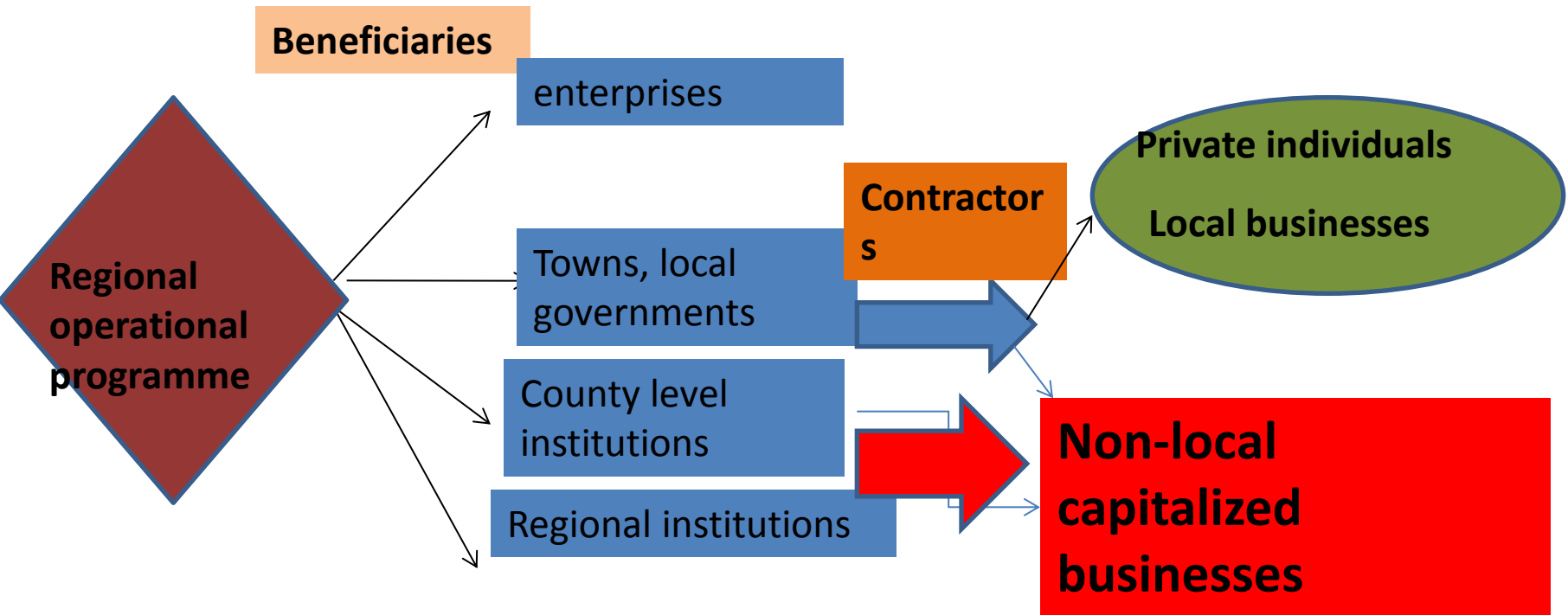
- 1. Supporting the sustainable development of towns –urban growth poles
- 2. Improvement of regional and local transport infrastructure
- 3. Improving the social infrastructure
- 4. Support for the development of the regional and local business environment
- 5. Sustainable development and tourism promotion
- 6. Technical assistance

# Distribution of Regional Operational Programme funds

- A greater amount for development went to: education training, urban development, social development and road upgrading
- Little money was asked for the development of business environment
- Development of tourism
- Enterprise development



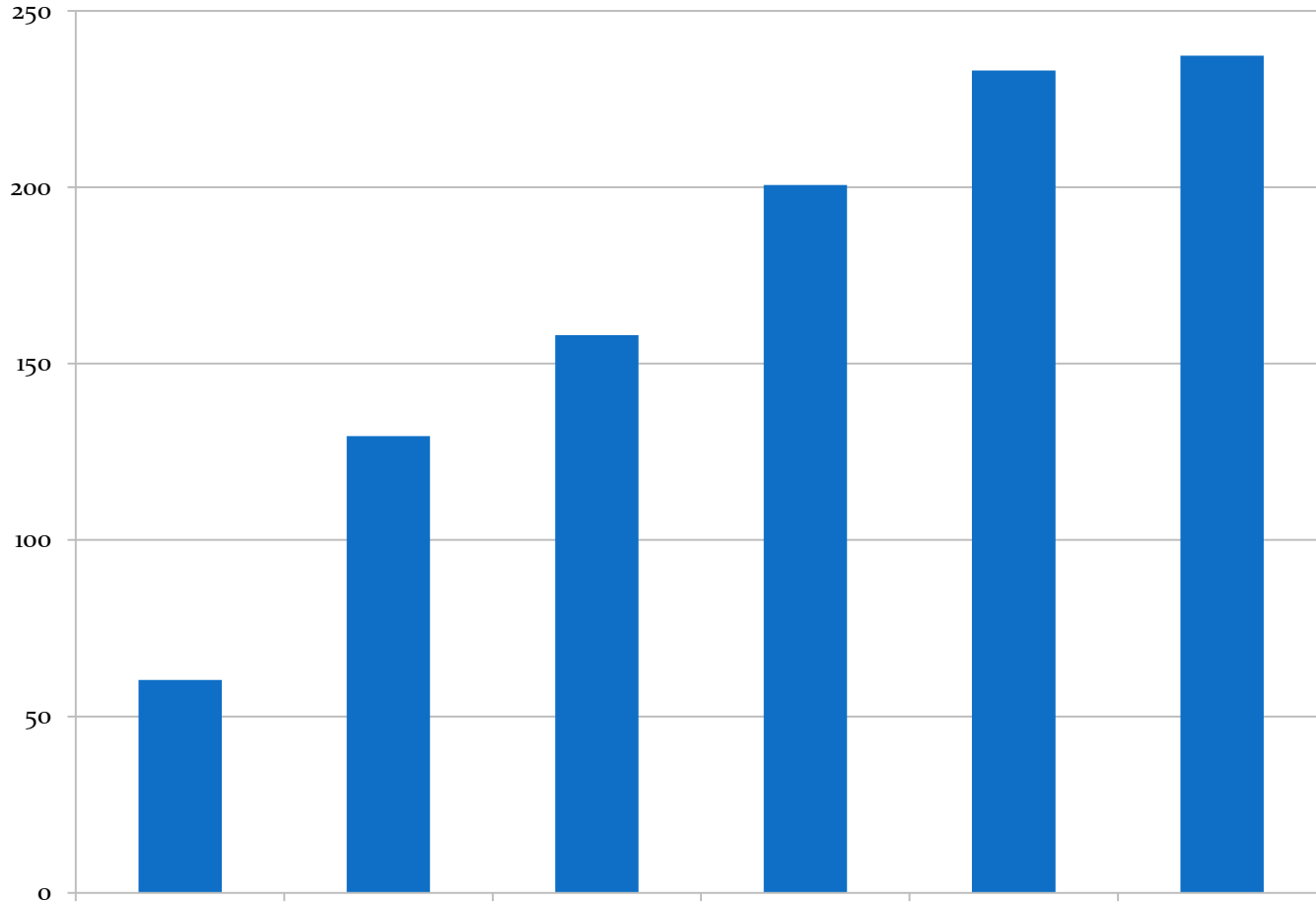
The welfare effects of these ROP projects are felt in the localities, but also they have to support the maintenance costs and the profits of implementation move to the more developed regions through strong capital level companies



## The composition of agricultural subsidies – according to the size of the agricultural land

<b>Land size (ha)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>1-2</b>	7801	7890	8301	8421
<b>2-5</b>	13473	13185	13717	13924
<b>5-10</b>	4770	4733	4953	5040
<b>10-20</b>	1219	1261	1315	1393
<b>20-50</b>	394	427	454	505
<b>50-100</b>	129	121	132	130
<b>100-500</b>	138	134	136	148
<b>500-1000</b>	23	18	17	15
<b>1000-</b>	12	6	7	6

## Approved payment value





## Use of funds for grants related to agriculture

- Beneficiaries of small subventions: to supplement their daily expenses and are reinvested in agriculture
- Beneficiaries of greater subventions: reinvest, buy lands
- Beneficiaries of great subventions: reinvest support through buying lands and equipment and save money

# Did the ROP funds help cohesion??

Regional operational programme

County	Total	The best performing county in percentages
Brasov	737848278	100
Mures	491582219	67
Alba	469193958	64
Sibiu	436338992	59
Covasna	364352152	49
Harghita	329990786	45

National rural development programme GDP/capita 2012

County	Total- EUR	The best performing county in percentages
Alba	184315242	100
Brasov	115680197	63
Harghita	113313996	61
Mures	93173268	51
Sibiu	71087862	39
Covasna	59394582	32

County	A The best performing county in percentages
Brasov	100
Sibiu	82,83275
Alba	78,19211
Mures	57,61269
Harghita	53,06878
Covasna	48,97466

Harghita county was the second on a national level after Constanta county in agricultural subsidies, because of the grants for disadvantaged mountainous regions

	<b>Total amount of subsidy, RON</b>	<b>GDP projected for 2012</b>	<b>GDP 2012</b>	<b>Number of projects</b>
<b>Regional operational programme</b>	1451959460	21,70%	3,62%	62
<b>Rural development progamme</b>	498581583,4	7,45%	1,24%	1930
<b>Area aid payments</b>	237300000		3,55%	30.520
<b>All direct payments</b>	281227500		4,20%	56.000

# Conclusions

- Harghita county managed to get a lot of funding
- The money that went to private individuals and small local businesses ensured the sustainability of local economy
- The ROP funds are visible in the welfare effect and not in the increase of competitiveness

# Europa 2020 targets

	Employment Rate (%)	RDI (% Of GDP)	Emissions reduction targets (compared to 2005) (%)	Renewable Energy (%)	Energy efficiency – Reduction (%)	Early school leaving in (%)	Tertiary education in (%)	Reduction of population at risk of poverty or social exclusion (number of persons)
<b>EU target</b>	75	3	20 (compared to 1990 levels)	20	20	10	40	20,000,000
<b>RO target</b>	70	2	19	24	19	11.3	26.7	580,000
<b>RO current situation</b>	63.8 (2012)	0.48 (2011)	51.84 (2011 compared to 1990 levels)	20.79 (2012)	16.6 (2012)	17.4 (2012)	21.8 (2012)	240,000 (2011 compared to 2008 levels)

# The allocation (% from ESIF) by Operational Programme (billion Euros)

<i><b>Eu Policy</b></i>	<i><b>Operational Program (OP)</b></i>	<i><b>Amount</b></i>	<i><b>% from ESIF</b></i>
<b>European Cohesion Policy</b>	Large infrastructure OP	6.98	27
	Human Capital OP	2.18	8
	Administrative Capacity OP	0.96	4
	Regional OPs	6.99	27
	Competitiveness OP	1.35	5
	Technical Assistance OP	0.3	1
<b>European Territorial Cooperation</b>	Teritorial Cooperation Program Romania - Hungary	0.6	2
	Teritorial Cooperation Program Romania - Bulgaria		
<b>Common Agricultural Policy</b>	Rural Development OP	6.60	25
	Fisheries P	0.22	1

# Future challenges- regarding rural areas but not only

- Inclusion, increasing the employment rate – however employment in the public sector is impossible, the systems works harder and more bureaucratic (the aim of projects are to increase employment rate, but how?)
- Integrated/holistic approach and eliminating the missing links – there are no considerable changes in the programmes, they follow the same structure, if there will be similar time slippage the results won't be significant
- A different structure has to be planned for typical rural area and small town developments.
- There is the need for more social grants
- Sustainability conflicts: for example the natural energy supports are paid directly by the population which is an increasing economical burden especially for low-income individuals, and it is an economic burden because of the inflation and the increase of production costs.
- Reducing school-leaving is difficult to achieve in a constantly changing educational system
- Old and new environmental challenges: Not only the desertification in Moldova and Wallachia but also the changes in the ecosystem and water supply at the level of Harghita county

# Community-led local development/Leader local development for Romania

As regards the CLLD instrument, it could be utilized especially for the following type of territories:

Towns (small and medium) and the neighbouring rural area

Peripheral rural areas without urban center

The areas belonging to a river sector or around a lake with fishery resources

Deprived areas within urban centres



- It should be taken into account, in a first instance, territories that have experience in implementing such initiatives (i.e.: LEADER, FLAG).
- In those cases, it should be analyzed the viability and willingness to continue the existent initiatives, as well as the opportunity to extend the LAGs in the neighbouring urban areas by establishing rural - Urban partnerships.
- However, the use of the territorial development instruments, such as CLLD, should be carefully analyzed in order to correctly judge the Romania's option taking into account the maturity and capacity (control system) to apply the multi fund or single fund LEADER approach.

# Further research

- A questionnaire-based research, which asks mayors about the sustainability of the projects
- There was a small scale survey regarding on what do people spend the money from agricultural subventions – the data hasn't been analysed yet.

Thank you for your attention!

From the point of view of county level projects:

- More projects mean effective administrative capacity

- Regarding the total value of projects, big projects for infrastructure have a great effect

- – however, if a project wins it does not mean that it is also implemented

- For example: Ciumani, couldn't begin the implementation phase for 2 years now as during the procurement procedures the results have always been appealed against

In the case of local government projects the political affinity was also considerable