

EUROPEAN FUNDS ACCESSING – OPORTUNITY FOR THE DEVELOPMENT OF ROMANIAN AGRICULTURE²⁵⁸

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The European funds are the instruments used for putting the Union policies into practice, a wide range of activities, including the agriculture, being financed by them. In order to align the Romanian agriculture to the European standards, our country was granted with irredeemable European funds in the pre-accession period (the SAPARD program). As a full rights member of the European Union, it will continuously benefit from irredeemable sums allocated from the European Agricultural Fund for Rural Development. The objective of this paper is to analyze, by the means of an empirical research, the opinions of those directly involved in the accession of the funds (the final beneficiaries), regarding the way the SAPARD projects and those financed from post-accession European funds develop.

Keywords: agriculture, sustainable development, SAPARD funds, structural funds, financing funds

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Introduction

At the end of the 80's, the international community has begun to deepen the concept of sustainable development, originally brought into question in the World Commission on Environment and Development entitled "Our Common Future", also known as the Brundland since 1972. By the international agreement expressed in the Declaration of Rio de Janeiro and the adoption of the 21st Agenda, the sustainable development became a global strategic option for the XXIst century. The main problem of the sustainable development "is the reconciliation between two human aspirations, supporting the need to continue the economic and social development, but also the conservation of the status of the environment, as the only way to increase the quality of life.²⁵⁹ "

Gradually, the concept of sustainable development has entered in agriculture, in response to the shortcomings of the conventional agriculture. In the early 2000, the Romanian specialists have found that the main deficiencies faced by the Romanian agriculture are due to the following reasons²⁶⁰:

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259 The National Strategy for the Sustainable Development of Romania, July 1999 - Romanian Government, Department for Central Public Administration Reform, Nova Printing House, Bucharest, 1999.

260 Idem.

- the lack of viable types of farms in terms of the diversity of forms of ownership, management and exploitation of the agricultural resources so that efficient technologies, from the economic and ecological point of view, can be used;
- the lack of systems and structures of agricultural production, capable of providing enough crops to supply the organic demand;
- the decapitalization of most of the farms;
- the application of an inefficient system of financial support to the farmers;
- the engrossment of the supply systems of the farmers and the sale of their products;
- the failure of various advisory services for the farmers;
- the lack of an appropriate policy for the protection of the farmers in the regard of production and disposal of goods on the internal and external market.

The general framework of financing by irredeemable European funds

One of the main problems of the agricultural sector in our country was for sure the under financing. Besides other benefits to our country, the Romania's accession to the European Union has turned into an opportunity to finance the economy. If prior to acquiring the status of country with full rights in the EU, Romania has received financial support through the PHARE, ISPA and SAPARD programs, the period 2007-2013 is the first step to support our country through the Cohesion Policy of the European Union. In the pre-accession period, the Romanian agriculture financing was accomplished by the SAPARD program.

The SAPARD program is a financial instrument offered by the EU in order to help the member states who filed the application for accession to the EU pre-accession in agriculture and rural development. Romania was beneficiary of this program which continues to run and will be ended at the end of 2009.

The priorities that were identified in field of agriculture and sustainable development in the pre-accession period are:

- improving the structures for the processing and marketing of the agricultural and fishing products;
- food quality control, veterinary control and phyto-sanitary control;
- improving the infrastructure for rural development, rural economy development and human resources;

In our country, the process of absorbing the European money through the SAPARD program wasn't free of obstacles. Last year, the European Commission took the suspension decision, after an action on the performance audit program in Romania.

The European pre-accession funds granted according to the EU regulations were intended to ensure a gradual training of the farmers and the Romanians producers and not only, so that their entry on the European Union market were possible.

The quality of member with full rights in the EU obtained by Romania in 2007 has opened the door to new financing alternatives in agriculture, which take the form of the structural funds.

The structural funds are post-accession funds, supplied by the European Union, whose purpose is to provide financial support to the member states. By this means, the investments in education, research, agriculture, infrastructure, development of SMEs and measures for rural development are supported. A special attention is given to the less developed regions in order to strengthen the economic and social cohesion in the European Union.

For 2007-2013, the priority objectives of the structural funds are:

1. The Convergence Objective, which promotes the development and structural adjustments of the regions that recorded delays in the development process;
2. The Objective of Regional Competitiveness and Employment that support the regions which are not eligible for the Convergence Objective;
3. The European Territorial Cooperation Objective, which supports transnational regions, counties and areas. Complementary to these funding instruments, in Romania, the funds allocated

by the European Union under the Common Agricultural Policy and Common Fisheries Policy can also be accessed. Thus, the European Agricultural Fund for Rural Development (EAFRD) support the increasing of the competitiveness in agriculture, the rural development and the quality of life improvement in the rural areas, while the European Fisheries Fund (EFF) supports the investments for the development of the living aquatic resources, the upgrading of the fishing crafts and the processing and marketing fishery products improvement.

Presently, the National Rural Development (PNDR) is developing for the sustainable development of Romanian agriculture. The management authority of this funding program is the Ministry of Agriculture and Rural Development and the payment authority is the Payments Agency for Rural Development and Fisheries.

The general objectives of PNDR are: to increase the competitiveness of the agri-food sectors and forestry, to improve the environment and the rural area, to improve the quality of life in the rural areas, the diversification of the rural economy, the starting and operation of the local development initiatives.

The specific objectives of PNDR are:

- to facilitate the transformation and modernization of the dual structure of the agriculture and forestry, as well as of the related processing industries in order to make them more competitive and to contribute to the economic growth and income convergence in rural areas (where possible), along with ensuring the conditions for living and environmental protection in these areas;
- the maintenance and improvement of the environmental quality in the Romanian rural areas, through the promotion of a sustainable management, both in the agricultural and forestry areas;
- the management and facilitation of the transition of labor from agriculture to other sectors for ensuring a proper standard of living from the social and economical points of view.

The total budget allocated to Romania by this financial program, during 2009-2013 is EUR 6,875,817,062. With this financial support, the Romanian agriculture has the possibility to change its appearance.

We need to specify that both SAPARD funds and EU structural instruments don't act alone, but apply the co-financing mechanism. In most of the cases, the EU structural funds are co-financed from public resources of the member state and, in many areas, the private financial contribution is needed. In this context, the following question is naturally raised: Will the current economic crisis prevent the access to the European money?

The state authorities believe that Romania can cross this difficult time in all areas of activity, if it will demonstrate the ability to attract much of the money Europeans through viable projects, and agriculture will not make exceptions.

Starting from these considerations, we intended, on the basis of interviews conducted with the management of some agricultural companies, to analyze the opinion of those directly interested in accessing funds (final beneficiaries), on the development of the SAPARD projects and of those financed from EU post – accession funds, the information and support received from the authorities, the prevailing destinations of the European money, the costs associated with preparing the necessary documentation for a project and the intention to access the European money from 2009 to 2013.

The research methodology

The first part of the paper is based on an analysis of the financing instruments offered by the EU member states and of those which are in the process of pre-accession, while the second part contains a positive research, by conducting an empirical study which outlines the process of accessing structural funds in Romania and the difficulties faced by the entities from the agriculture sector involved in this process. The empirical research is based on 12 interviews conducted with the management of some agricultural companies on the theme of the European

funds accession. The fields of activity in the twelve operating companies are: crops of camp plants, breeding, processing of agricultural products, wine making. The interview was structured in two parts: the first questions concerned the pre-accession SAPARD funds accession, while the second part included questions related to the post-accession funds.

The analysis of the received answers

Of those interviewed, 11 respondents have accessed funds through the SAPARD program. The only company not accessing such funds had its own resources to finance the investments.

The funds accessed through the SAPARD pre-accession program have been used by the beneficiaries for the purchase of agricultural equipment and machinery in order to modernize the farms (the companies included in the sample working in the field of culture plants) or for the construction and / or modernization of the plants processing agricultural products (modernization of a dairy factory, building a meat-processing factory, building a wine making factory).

The proper preparation of a project to access the European money is one of the key points of its success. Starting from this consideration, among the 11 companies that have accessed SAPARD funds, 8 went to consultants for preparation of documentation.

Depending on the type of projects financed from SAPARD funds, the respondents stated that the access lasted between 6 months and 2 years.

All those interviewed considered that Romania's accession to the European Union has brought benefits to their companies. Their arguments were various: the ability to access the irredeemable funds, the granting of subsidies per unit of area, but also easier and cheaper access (the absence of the customs duties) to the sources of supply in Europe and the possibility of exporting Romanian products to the European countries.

The second part of the interview concerned the non-reimbursable funds that Romania will benefit during 2007 - 2013 as a full member of the European Union. Two of the questions raised were regarding the degree and the sources of information for companies regarding the possibilities of accessing post-accession funds for agriculture, as well as assessing how the state authorities support the beneficiaries or the potential beneficiaries in the process of accessing.

All the respondents considered that they were informed about the opportunities of the European post-accession funding, the sources being various: media, Internet, state authorities involved in the accession process (eg, the county offices of payments for rural development and fisheries), consultancy firms, participation in seminars and even colleagues in the same area.

However, only 4 of the respondents consider that they received support from the state authorities in the process of accessing the EU post-accession funds, while 8 respondents described the support from the state as insufficient or nonexistent. As an argument, the insufficient information on funding, programs and loans with low interest was mentioned.

Considering the European funds a major advantage for a company in order to support its investments, 10 of those surveyed have expressed the intention to submit projects to access the irredeemable funds, the purpose being the investments in the updating the technology and/or construction of factories for processing the agricultural products (the Measure no 121 „The modernization of the farms“ and the Measure no 123 „Processing, food industry“). As about the other two companies, one has not expressed the intention to submit such a project, while the management of the second one stated that the inconsistency and the uncertainty of the rules for the elaboration and development of the documentation, inherent in a funding program barely started, lead to postpone the moment of submitting a project.

For the majority of the companies participating in the interview, the lack of comprehensive information on post - accession irredeemable funds represents an obstacle in proposing a large number of projects. 9 of those surveyed considered that, if it would be better informed, would access more European money, because these funds represent a major advantage in improving a

business. The other 3 respondents considered that there was sufficient information on European funding opportunities and the possibilities to access them.

The management of two of the companies included in the sample of interviews considered the costs associated with the preparation and submission of a project as another impediment in accessing the European money. All the other representatives of the companies considered, though, that those don't represent an obstacle in the way of accessing European funds, because the benefits obtained are significantly higher than those costs and there are consulting companies that accept that most of the costs resulting from the elaboration of documentation to be settled in during the performance of investment process.

The last question addressed to the respondents referred to the development of the submitted projects. Thus, 6 of those surveyed haven't yet projects in progress, one of the companies considered that the development of the project corresponds to the expectations, while for the other 5 respondents the projects financed from non-reimbursable funds post-accession do not meet the expectations in terms of the mode of operation, the arguments being the excessive bureaucracy, the unacceptably long period between the time of approval and that of contracting, the deficiencies of the approving the projects declared eligible procedure.

Conclusions:

The preparations for the accession to the European Union assumed the allocation of grants in order to reduce the development disparities between our country and other member states for various fields of activity, among which the agriculture. The funds allocated at the European level have been distributed to the beneficiaries who submitted eligible projects by the SAPARD program. The majority of the interview respondents have accessed pre-accession funds for updating the technologies.

And as a member of the European Union, Romania benefits of EU funding grants destined to its continuous development in order to reach the standards of the other member states. For accessing and managing these EU funds, the Romanian government puts in place an institutional system in accordance with the European requirements, which is available to the potential beneficiaries of funds. The carried out research revealed that, from the beneficiaries of funds point of view, the support from the authorities is insufficient.

However, considering the fact that the irredeemable funds represent an opportunity to streamline a business, 83% of those interviewed expressed their intention to submit projects to access post-accession funds for agriculture, even if they stated that they wish they were better informed.

As a continuation of the research conducted in this paper, we can analyze to what extent the economic crisis will allow companies in the agricultural sector to access the European funds in the future, considering the fact that every project involves a co-financing that, in adverse economic conditions, few companies can afford.

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