

THE ROLE OF SOCIAL ECONOMY IN THE ROMANIAN RURAL AREA

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Abstract

This paper invite to a more and deeply thinking of importance and role of the Romanian rural social economy. Lack of relevant statistical data and information concerning this issue invited us to try to identify its influence on general development. On appreciate that it is necessary to take into consideration a smart growth in line with poverty reducing and increasing of the role of social agriculture. This issue started to be used in EU rural areas, especially in agricultural farms, with right results. In Romania, in small-subsistence farms it is possible to get positive results in the case of its implementation.

Keywords

social economy, social agriculture, subsistence farms, LEADER, Local Action Group.

Introduction

The Europe 2020 Strategy has as objective to ensure a smart growth and sustainable development that could contribute to reducing poverty, increasing employment and increase social inclusion, in view to attend labor market integration of all people in society, including the different disadvantaged ones. All of this will be able to be closer of social and territorial cohesion, given that, at present; Romania has a GDP per capita which represents 54% of EU-28 GDP per capita in PPS (2014=100).

(i) General motivation of choosing this issue:

- For Romania 2016 means *to start a new financial programme with European Commission and in the same time to close the older one* because: Romanian Partnership Agreement (PA) for 2007-2013 will be closed and new PA for the period 2014-2020 will be open;
- In this context, Romania must:
 - To do an inventory of the unsolved issues from the PA 2007-2013 and to inform the EC about them;
 - To update the PA signed with the EC in August 2014 taking into account the new status of the socio-economic development;
 - At the future negotiations with EC our country must to try to include (i) some issues which cannot be found in previous PA signed in August 2014 or which were mentioned in a general way, as example the development of the social economy in the rural areas.

Also, it is necessary to mention that in August 2015 in our country was approved the legal framework for the activities included in the social economy. The Law no. 219 on Social Economy from 27 August 2015. It defined SE in Article 2. "The social economy is organized independently of the whole public sector activities; it has as purpose to serve the general concern of corporate interests and / or the personal no-property interests by increasing employment of persons belonging to the vulnerable group and / or production and supply of goods, services and / or works

(ii) Particular motivation of choosing this issue:

- Rural areas from Romania cover 78.1% of the whole country; it has 44.9% of the whole population (National Institute of Statistics - NIS, 2011) that means 9.63 millions of people;
- Labor force involved in agriculture and forestry were 30.6% of total employed population (in 2010) – compared with: 5.2% in EU-27; 18.9% of total employed population in Bulgaria; 12.6% in Poland, 7.4% in Hungary.
- Older age of many heads of holdings – in accordance with information received from Romanian Agency for Payments and Intervention in Agriculture (APIA): young farmers under 35 years old from Romania have owned only 4.4% of all farms; farmers aged over 55 years have 67.0% of holdings.
- In Romania there are 3.8 millions of subsistence and semi- subsistence holdings, out of which 800,000 farms are subsistence ones (21.1%); the second entities, other than commercial companies, are not included in statistical surveys of NIS or in analyses of Institute for Social Policies (ISP) regarding social economy (SE) because they do not have a legal fiscal position and they function for own consumption; evaluations regarding social economy from Romania included only agricultural cooperatives, associations and composesorats (socio-political organization; it aims at joint management of assets - land for grazing, wood construction - required to get income in view to cover the expenses claimed by building and maintaining of roads, forests, churches and other public buildings or matters).

Staring to this above facts on appreciate that it is necessary to think to design a strategy for subsistence and semi-subsistence holdings from agriculture. This can be considered as a creative and an integrated process, because one can build a coherent framework for their real transforming status, including them in the legal framework of economic activities and, also, to get more realistic information for the social economy. On long term the subsistence and semi-subsistence holdings from agriculture must be define the following issues:

- What is their target business identity and how to transform them - as far as they carry out *economic activities* (as defined in the Articles 43 and 49 of the EC Treaty) – in *economic operators* which can be formal registered and which will be a part of local or regional or national agrifood chains;
- An establishing of their position in the local or regional markets;
- To establish the size of their supply capacity and how them can influence the self-consumption;
- The resources from the economic activities of subsistence and semi-subsistence holdings, including the supplementary labor force which can be conducted to the new activities - such as ones from social economy, for example, etc.

2. The Social Economy

Specialized literature debate the issues regarding the social economy taking into account the need to increase visibility of the all economic activities and, also, the need to initiate and sustain modernization of the existing public policies. Thus, in 2011 the European Commission launched the *Social Business Initiative* which has as main aims:

- Cultivating the visibility of the social entrepreneurship;
- Satisfying the need to have a reliable information resources, and knowledge to allow assessment of the impact and social performance of these activities.

This European initiative was inspired by the positive statistical experiences of some EU Member States, who developed dedicated tools so called *Satellite Accounts* for the collection

of statistical data concerning social enterprises and in accordance with Eurostat requirements, also.

In 2012 the European Parliament adopted a resolution dedicated to this sector calling is not only to promote a better understanding of SE in EU but also for increasing awareness of social enterprises and of the social economy; also, European Decision Makers were calling for new ways to improve the visibility of the sector.

In addition, The 8th Framework Programme "Horizon 2020" was decided for the Academic Environment to prepare Regular Reports on the activities included in the framework of the social economy enterprises, on their results and about their social impact on local, regional and national level.

The current situation in Romania concerning the SE - it is not much singular that from the European level (as regards the existence of tangible data and statistical information, reliable and comparable). Therefore, the EC and DG Enterprise and Industry have decided - in 2014 - to initiate and fund the project "Making Visible Social Economy in Romania – MSERV". This project was developed at the Institute of Social Economy in partnership with the Ministry of Labor, Family and Social Protection for the Elderly and the National Centre for Training in Statistics. Through this partnership they were set-up two tools (i) the first *Satellite Accounts on Social Economy from Romania for the period 2011-2012* and (ii) the *Atlas of Social Economy in Romania*; last works of this initiative appears annually starting with 2012. Data from the *Atlas* have already been used for an European comparative research entitled *The Social Economy Report in the European Union* developed by the International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC) for The Economic and Social Committee.

It should be noted that these very important steps realized under the mentioned project have supposed significant financial and human resources; also on mention that conceptual social economy is not yet clearly defined in macro-economic official statistics.

Box 1. Extracts of the Act no. 219 of 2015 regarding the Social Economy.

The analysis work relating to the Romanian SE on found that social economy sectors of agriculture are partly taken into account (in accordance with the Law no. 219 of 2015) includes at Art.3, which mention:

- on paragraph a) "cooperatives units degree I, which operates under the Law no. 1/2005 regarding the organization and operation of cooperatives, republished;
- on paragraph c) associations and foundations, which operates under Government Ordinance no. 26/2000, approved with amendments by the Law no. 246/2005, as amended and supplemented;
- on paragraph f) agricultural companies, operating under the Law no. 36/1991 concerning agricultural societies and other forms of association in agriculture, as amended..."

Also, on can note that in the present Law no.219 of 2005 regarding SE are not included the subsistence and semi subsistence holdings (3.8 million entities which have approx. 50% of the agricultural land, in Romania).

The databases created through the "Satellite Accounts on Social Economy in Romania for the period 2011-2012" require further re-assessment. In support of those assertions on presents the share of agricultural cooperatives key indicators of social economy by region, in the year 2012 (Table 1) and the number of farms after their legal status (Table 2), with the

mentioned that last one entities not even included in these newly created databases concerning the Romania SE.

Table 1 The share of Agricultural Cooperatives in the main indicators of the regional SE*, in 2012

	Number	Fixed assets, RON thousand	Incomes, RON thousand	No. of employees
Main indicators concerning regional SE - total				
North-East	4,493	1,138,374	1,351,235	13,941
South-East	3,449	959,240	827,355	11,531
South	3,741	1,156,547	1,434,797	11,778
Bucharest -Ilfov	6,257	2,722,183	3,109,816	23,732
South-West	2,986	613,601	891,575	7,798
Center	7,254	1,333,341	1,227,529	16,558
West	3,723	910,362	1,459,639	11,533
North-West	6,736	1,261,874	1,643,872	16,862
Total	38,639	10,095,522	11,945,818	113,733
The share of agricultural cooperatives in Region SE Indicators, %				
North-East	1.71	5.53	1.59	0.38
South-East	1.48	1.16	3.78	0.33
South	1.47	4.16	7.10	0.48
Bucharest -Ilfov	0.19	0.03	0.04	0.07
South-West	1.04	0.31	0.06	0.17
Center	0.69	2.87	0.59	0.25
West	0.83	1.82	0.02	0.10
North-West	0.73	2.98	0.48	0.09

* SE- social economy

Source: Processing after Barna, Cristina (2015), "The Atlas of the Social Economy in Romania", FDSC, ISBN: 978-973-0-17000-9

Table 2 The Number of Agricultural Holdings and the Number of People Who Worked in Agriculture (excl. temporary ones) taking into account their juridical status, period 2002-2010

Years	Total	Out of which:		Dynamics, %		
		Farms without legal entity	Farms with legal entity	Total	Farms without legal entity	Farms with legal entity
Number of agricultural farms. Thousands						
2002	4,485	4,462	23	100	100	100
2005	4,256	4,238	18	94.9	95.0	78.3
2007	3,931	3,914	17	87.6	87.7	73.9
2010	3,856	3,825	31	86.0	85.7	134.8
Number of persons who worked in agriculture *(exclusive Temporary Person's). Thousands						

Years	Total	Out of which:		Dynamics, %		
		Farms without legal entity	Farms with legal entity	Total	Farms without legal entity	Farms with legal entity
2002	9,007	8,885	122	100	100	100
2005	8,515	8,437	78	94.5	95.0	63.9
2007	6,468	6,398	70	71.8	72.0	57.4
2010	7,159	7,048	111	79.5	79.3	91.0

Source: General information concerning The Main Results of the General Agricultural Census, 2010, NIS, Bucharest

The table 2 shows that in Romania the "Holdings without juridical status" are dominant. For these entities must make improvements in their present legislation in order to attract them the general economic cycle. On this way it will be possible to diminish their self-consumption, and, also, the decision makers will could develop some national or regional programs aimed to increase of the added value of the products obtained.

Concerning the Social Agriculture in the EU space the references are not many, and about this issue in Romania there is no information.

3. Social Agriculture

Social Agriculture (SA) is a concept based on teaching existing elements into the General Rural Community of Mutual Aid System that worked and still it works. From this point of view, SA is situated to the intersection of the traditional activities of *self-help* and of one's providing aimed at social services for various people categories, including those from disadvantaged groups, such as:

- Rehabilitation, therapy,
- Acquisition of occupational skills by young people - teamwork, communication, ways to solve current problems, planning, different patterns for a healthy life habits for animal care, farm maintenance skills, skills for a dynamic participation in various activities, etc.
- Lifelong learning education - experimental learning and practicing of personal activities (self-confidence, increase of self-esteem, development of employment skills in a continuous and repetitive activity, labor market integration, etc.).

The role of SA: The practice of the SA in the Romanian rural area at the level of the subsistence farmers will drive to:

- Creating of a right *link* between the members of local rural communities,
- Introducing innovative elements for the development of the local economies, of the subsistence activities from farms,
- Diversification of local traditional activities,
- Set-up of new revenue sources for rural families, especially for the subsistence farms,
- Appearance of new jobs and new competencies in rural areas,
- It will contribute to maintaining and increasing of the quality of labor force in rural communities; it will encourage the development of new educational curriculum (new skills, new knowledge about nature, science, personal health, environment, etc.)

- Strengthening and reformation links between:
 - Subsistence farms from the local community, it means more links with local governments (municipalities), but also with a variety of social services and with local NGOs working in the social field,
 - The local public administrations (municipalities) and the regional or national ones in view to develop and funding specific projects regarding the SE,
- Will facilitate at local level the attraction of new opportunities such as:
 - Specialized training (for ex. care services) regarding the social activities for the owners of subsistence farms, etc.
 - Highlighting of local resources (thermal waters, landscapes, etc.) that cannot be a target for the professional interest of investors, but them can represent a source of supplemental income, at the local level,
 - Incentives for authorities to put in evidence local resources and giving to the residents the courage to take part in volunteer activities related to the improvement, completion and / or development of existing infrastructure,
- It will help to the creation of new jobs and to development of organized volunteering actions in the rural areas.

Table 3 The expected benefits if on started the develop Social Agriculture in Romania. Selection

Effects on physical health	Effects on mental health	Social effects	Economic effects	Institutional effects
Increase of the social interaction power	Increasing confidence and trust in their own forces	A better social interaction	Rising incomes from agriculture and services	Intensifying the links between subsistence farms/households and the local authorities, regional or national ones
Increased appetite	Increasing self-esteem	More and diversified social contacts	Increasing the number of jobs at the level of subsistence farms	
Skills development of disadvantaged groups	Cultivation of enthusiasm	Developing communication skills	Diversification of the current subsistence farms and driven them towards specialized services	Intensifying the links between subsistence farms and NGOs specializing in education, social work, etc.
Improved dosage of children energy, particularly those with the AHT syndrome	Increase awareness of people involved	More independence as for people with special needs and for the owners of subsistence farms / households	Diminishing the role of self-consumption at the level of subsistence farms/ households	Increasing the opportunities to change the legal status of subsistence farms ²⁾

Effects on physical health	Effects on mental health	Social effects	Economic effects	Institutional effects
Capacity knowledge development	Increasing accountability towards people with special needs	New employment opportunities, Voluntary development, Developing relationships within communities and also of the local communities with external actors	Opportunity acquisition of new professional skills by young people and other members of subsistence farms	Increasing the opportunities of subsistence farms to participate as member in agricultural cooperatives, or in associations

¹⁾ It refers both to the people with special needs and to owners of subsistence farms who will develop activities which can be included in SA;

²⁾ Currently, the subsistence farms without legal personality, in accordance with. General Agricultural Census, in 2010.

Source: Processing after Elinges and Hassink 2008.

4. Support structures which can promote Social Agriculture

Implementation in Romania of Social Agriculture is dependent on how will be developed the LEADER Programme and how will function the Local Action Groups. The next evolution of LEADER Programme and how will function the Local Action Groups (LAG) depend on capacity of central and regional public authorities to sustain and finance this entities.

Through specific activities LAGs develops and can design local strategies that include specific elements of SA or support, for example, for the different categories of people, including the disadvantaged ones (Roma population, people with medical problem and vulnerable or socially marginalized).

Box 2. Peculiarities of the LEADER Programme and of the Local Action Groups in the Context of Social Agriculture promotion

The LEADER Programme ¹⁾ (in accordance with. CE Reg. no. 1698/2005) it supports the *step by step* development through funding provided by the National Rural Development Programme (2007-2013 programming), which aims to promote:

- Design on a *bottom-up*;
- A public development - through a gradual process of training (learning by doing) and by interconnection at local actors;
- Conversion of economic activities at local level;
- A fight against poverty and social exclusion in view to increase the local, regional and national degree of convergence;
- A more care for refining and improving environmental problems;

Local Action Groups (there were 82 LAGs in the year 2014) are public-private partnership made up of representatives of sectors:

- Public Sector:

- Community administration (local and county – town halls, city councils, county etc.)
 - Public facilities (social services, health and transport, schools, universities etc.)
 - Private Sector ⁹ – (i) companies set-up for profit, entities with an economic aim
 - Commercial division (joint stock companies, limited liability companies etc.);
 - The financial sector (represented by different financial groups);
 - The agricultural sector (agricultural associations and cooperatives, particular producer groups, etc.);
 - Organizations of industrialists;
 - Communal Service Companies (educational ones such as radio, TV, nonculturale services etc.).
 - (ii) Civil Society
 - Non-profit associations, partnerships (environmental associations, educational and artistic associations - social, religious - ones, chambers of commerce, religious entities, etc.);
 - Individuals, groups of individuals formally registered.
- ¹⁾ LEADER – is one of Axis within the RDP which aims to develop rural communities as a result of the implementation of strategies developed by LAGs (The name of the Local Action Groups derived from the French: Liaison Entre Actions de Développement de l'Economie Rural).

Such option is likely to be a certain advantage because:

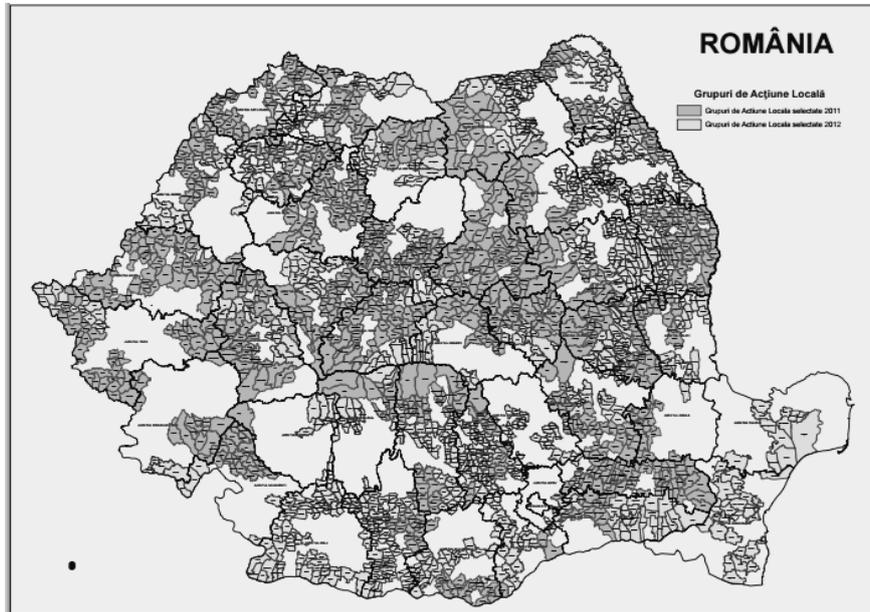
- Decisions of implementation and funding of *Local SA Projects* requires local community consultation and sustain;
- Allow occupational diversification of the local labor force, the development of new training activities and provision of specific services while capitalizing to a greater extent, of local resources;
- Create opportunities to people revenue increase, the reduction of poverty in the rural communities, on the whole, and especially at the level of subsistence farms.

5. The future role of LAGs in encouraging SA. Types of projects that could be developed

The future role of LAGs in promoting SA can be to attract the following types of actions:

- i. Identify possible targets of interest for the local SA, where they operate;
- ii. Evaluation of potential resources that could be attracted into the specific activities of SA;
- iii. Designing a portfolio of future projects that could be developed by the LAGs taking into account local resources and the capacity of people and of authorities to put in place such initiatives;
- iv. The consultation the communities concerning the future projects that could be developed by LAGs, given their legal obligation to take into account the opinion of local stakeholders and to get their agreement for the potential actions which will be initiated;
- v. Handing out Partnership Agreements with local governments, regional and even national ones:
 - Promotion SA on the directions which belong to the local community interests;
 - Providing the training of the local communities in view to evaluate resources and develop future activities regarding the SA;

- vi. Designing a Particular Program for Promotion the Access of Public Goods and Services for Disadvantaged Population Groups from rural areas and their social reintegration;
- vii. Providing professional training for representatives of subsistence farms which to be engaged in specific SA services in order to increase the degree of employment of their family, labor productivity in the subsistence farms; a better valorization of local resources, etc.



¹⁾ See the LAGs colored with green; ²⁾ See the LAGs colored with yellow.

Source: MARD, <http://www.madr.ro/axa-leader/leader-2007-2013/harta-cu-grupurile-de-actiune-locale-selectate-de-madr-2013-la-nivel-de-uat.html>, accessed on 11.11.2015

Fig. 1 Territorial distribution of the Local Action Groups existing in 2011¹⁾ and 2012²⁾

The current territorial distribution is likely to support the future role of LAGs in promoting SA, its specific activities and services in accordance with the local resources (Fig.1). Also, in Romania will be able to develop a variety of types of SA, but it is depending on the overall level of development of rural communities, local resources and receptivity of local communities.

In this context, one can exemplify some Types of SA Projects that could be developed by LAGs for disadvantaged population groups from subsistence farms:

- Stimulation of subsistence farms for engagement in the formal economy;
- Diversification of the local rural economy by including new SA specific activities and services;
- Developing a local job market with part-time regime; the desired effects are the most diverse - from providing new opportunities to increase incomes of families to the harmonization of type of work with family life for women with more children, etc.;

- Diversifying at local level and outside of the family framework the actions concerning the child care and of others people with problems or not (elderly people, sick people, etc.).

6. Social Agriculture during 2014-2020, it should represent more than just good intentions

The National Programme for Agriculture and Rural Development for 2014-2020 will be invested nearly 20 billion euro in Romanian, aiming: new jobs creation; sustainable development; modernization and innovation activities; increasing the quality standards in all areas. Also, in its current shape, this Programme will take into account *stimulating of social inclusion, poverty decline and economic development in rural regions* in the context of sustaining the Model of Multifunctionality of Agriculture Activities.

In these circumstances, for Romania the SA can become an *original tool for revitalizing rural areas*, for incomes increasing - especially those from subsistence farms, for poverty reduction, for development in the rural space of new services (training, social assistance, therapy, etc.), for the valorization of local resources and for increasing the cohesion in the local communities.

We appreciate that role in setting-up of an “innovative tools” as it is SA can contribute to the revitalization of some existing LAGs and of present cooperative and association structures which can may become true "Local Driving Tools" for developing the rural areas. These tools (institutional structures) can encourage, also, serious changes at least in the following directions:

- Optimizing the use of public funds in favor of social inclusion and rural poverty reduction;
- Identify of subsistence farms which can provide various services in SA domain and to remove them from the self-consumption category;
- To try to ensure the specialized trainers for the future actors which will want to be engaged in the specific services included in SA;
- Organizing events in view to inform local communities about the practice opportunities offered by SA.

In addition, it is necessary to stress that these future local SA actions undertaken by small farms will be necessary to be supported by the central and regional authorities, through a series of actions such as, for example:

- Development of specific standards, norms of minimum requirements that should be met by actors involved in SA;
- Recognition of SA institutions, developing and reviewing the existing legal framework in view to sustain this specific activities from rural areas;
- Identification of fiscal SA activities and services which are adequate for different local communities;
- Provide comprehensive actions to disseminate the concept of SA;
- Identifying in the dissemination purpose of experiences ranging from *best practices* from Romania and from the other EU Member States who have experience in practical activities concerning SA.

However, inclusion of the SA concept in the Romanian National Strategy for the Future Development it will guide not only increasing of visibility and, in the same time, it will induce several changes in school and training curricula concerning the skills to be acquired by people from rural areas in view to be involved in the new activities and services.

In addition, the fact that in the year 2016 Romania will have to update its *Partnership Agreement for the period 2014-2020* signed with EC, including the *National Programme for Agriculture and Rural Development 2014-2020* this could be a way to encourage the goals of SA in the discussions panel about agriculture, about rural space. This requirement answers to potential synergies which can be generated at the national, regional, local level. Also, the public costs of the SA projects which can be developed in rural areas may be lower than ones from the urban areas and potential resources are more different and maybe sometimes more attractive. Finally the global social costs of social assistance can be reduced by adopting these new issues.

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