

COMPARATIVE STUDY OF THE RURAL DEVELOPMENT IN SOME STATES OF THE EUROPEAN UNION

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Abstract

This article addresses a comparative analysis of rural development programs (2007-2013 and 2014-2020) in some European Union countries, mostly Romania, Poland and Czech Republic. All three analyzed European countries, chose four priority axes for the period 2007-2013 under the Rural Development Programme, while for 2014-2020, Romania has achieved 16 development measures, Poland has made seven development measures and the Czech Republic 6 development measures. The amounts allocated are different both in total and for each axis separately. The difference is given by the needs of rural area, agriculture development strategies and not least, the bargaining power of each entity with the European Commission. To better view the state of negotiations of each individual Member State and the supreme institution, we can make a ratio between the allocated monetary value and the area of that country. The absorption rate for 2007-2013 was 100% for Poland and the Czech Republic and according to the statements of the minister of agriculture, Daniel Constantin, Romania will reach this figure by the end of 2015. For the new rural development program it's wanted the adjustment of the negative aspects of the previous period and the spending of the allocated amounts within the earliest possible date.

Keywords

budget, absorption rate, funds, programming, measures.

Introduction

Rural Development Programmes are of benefit to rural areas according to priority axes made by each country. They are a complement to the operational programs financed from structural funds and address the needs of rural areas, to reduce as faster the disparity of socio-economic development of underdeveloped countries compared to other Member States of the European Union and meet the requirements of rural development in the context of sustainable development. They also are based on the need to develop that sector in a certain period of time and also achieving specific measures embodied in several steps to be followed both by state institutions and by companies in the industry (regardless their size). All these programs can materialize only with the European Union, which gives Member States the amounts needed to implement its strategy of developing rural areas. The Rural Development Programme 2007-2013 has ended, analyzes the absorption rates were achieved almost entirely, the strategy for the new period has already been approved and the economic factors that want to improve their own work can access new funds made available by each Member State.

1. The absorbency of the rural development program 2007-2013

Because most countries in the eastern part of the European Union joined in 2004, 2007 and 2013, it became clear that efficient use of community support can boost the success of their economic performance. The region is at the end of the programming period 2007-2013, allowing more strategic conclusions based on an analysis of structural and cohesion funds of the EU (FSC) on absorption rates. The successful implementation and FSC absorption is

conditional not only on the efficiency of administrative systems of the Member States, but also by business potential beneficiaries. This report provides an overview of the progress of national strategic reference near the end of the programming period 2007-2013. The analysis of this data helps us with planning and use of the programs in the next period 2014-2020. The available budget for 2007-2013 is the European Union's contribution, including national public contribution and private contribution. This budget is set by the National Strategic Reference Framework (NSRF) of each country, and is approved by the European Commission.

The budget available includes European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF). Western countries joined last the EU, so on 1st of May 2004, they have joined the existing Poland, Slovenia, Hungary, Malta, Cyprus, Latvia, Estonia, Lithuania, Slovakia and Slovakia. The next wave, structured by Romania and Bulgaria, joined on 1st of January 2007, while the last in, Croatia, joined with Member States on 1st of July 2013. In 2004 the Western countries were highly developed, and the gap between their rural areas and the rural areas of the Eastern states was very high. The new countries that joined have received aid from the European Union materialized in a pre-accession programme so as to further reduce these disparities. Western countries escaped from the communist bloc for some decades now, are constantly changing, but the shadow of the past still appear to be present. The extent of absorption is good, moving a figure approaching 100%. Over time these states reveals problems that are fixed and the rate of access begins to grow from year to year.

Table 1 Basics of eastern area of the European Union on national accounts and the 2007-2013 EU funds.

	Bulgaria	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Romania	CEE* total	CEE average
Population (millions EURO)	7.28	10.52	1.32	9.91	2.02	2.97	38.53	20.06	104.33	9.49
Annual GDP (billion EURO)	3994	14939	1843	98.07	23.37	34.60	38970	142.82	1,047.05	95.19
GDP / capita (EURO)	5,486	14,206	13,800	9,898	11,548	11,650	10,113	7,121	12,7007	11,314
EU Funds 2007-2013 (Billion EURO)	6.67	26.30	3.40	24.92	4.54	6.77	67.19	19.18	175.72	-
EU Funds per capita (EURO)	917	2,501	2,595	2,515	2,243	2,280	1,744	956	-	1,830
EU Funds / GDP %	16.7%	17.6%	18.5%	25.4%	19.4%	19.6%	17.2%	13.4%	-	16.2%

Source:KPMG

* Central and Eastern Europe.

The amount of EU funds allocated varies depending on the country - the largest budget allocation is for Poland, which carries the largest population of eastern countries. However, the Union funds per capita ratio ranks as the largest in the Czech Republic, Estonia and Hungary. Poland and the Czech Republic receive the highest amount, about 50% of EU allocated funds. Together with Hungary and Romania, their total value is 80% of the total EU funding for the Eastern region. Countries with relatively small populations all have a share of 20%.

General information on the progress of the budgets for 2007-2013 were established by different priorities, among which an important role was the National Regional Strategic Framework. Over the 7 years of implementation of the co-financing EU-funded program, beneficiaries enjoyed at the end of a sum amounting to nearly 169 billion. This amount exceeded 97% of the budget available for the programming period of 7 years.

By the end of 2013 more than 60% of contracts made, around 10 billion EURO have been paid to beneficiaries. Accordingly, the following table contains all the information about each country for 2007-2013.

Table 2 Basics of the eastern area of the European Union on the implementation of the allocated funds for the period 2007 -2013

	Bulgaria	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Romania	Slovakia	Slovenia	CEE total	CEE average
Available budget for 2007-2013 (Billion EURO)	6.7	26.3	3.4	24.9	4.5	6.8	67.2	19.2	11.7	4.1	174.7	-
Available budget 2007-2013 / capita (EURO)	917.0	2,501.7	2,595.4	2,515.3	2,242.7	2,278.8	1,743.6	956.0	2,151.4	1,991.5	-	2,102.3
Contracts made 2007-2013 (Billion EURO)	7.5	24.2	3.3	26.5	4.4	6.7	63.8	18.0	11.4	3.8	169.4	-
The percentage of contract (%)	112%	92%	96%	106%	96%	99%	95%	94%	98%	93%	-	97%
Payments made 2007-2013 (Billion EURO)	3.6	16.8	2.6	15.6	3.2	5.0	42.9	7.0	6.1	2.6	105.5	-
The payment report (%)	54%	64%	77%	62%	70%	74%	64%	37%	53%	62%	-	63%

Source:KPMG

After 7 years of implementing the 10 countries of the eastern area of the European Union, they have contracted altogether nearly 98% of their allocated budget for programming. At the end of 2013, the National Strategic Reference showed the biggest contraction on programs available in Bulgaria and Hungary, with a range between 112% and 106%, which is remarkable comparing time base. At the end of 2013 it was seen the most progress in Hungary, while the countries with the lowest rates of shrinkage were Slovakia and Romania. An important factor indicates the actual level of effectiveness and efficiency of the management of EU funds on the difference between contracts made and subsidies paid. Little difference between these two factors are more effective management of EU funds as a way of actual distribution. Estonia is the leader in the distribution of EU funds, with only a difference of 19% between contracts made and subsidies paid. Lithuania (25%) also achieved good results. The biggest differences between contracts made and subsidies paid can be observed in Bulgaria (58%) and Romania (57%).

2. The rural area of the EU for the period 2007-2013 and its development

Rural areas face major challenges arising mainly due to globalization, demographic change and migration of young people to urban areas. Policies for rural areas are intended to contribute to the recognition and use of the strengths and opportunities. With its rural policies, the European Union aims to ensure the premises infrastructure for decent living conditions in rural areas that are still not satisfied and discover new potential poles for economic development in those areas.

Environmental concerns are also taken into account and integrated during the planning phase of programs of measures supporting rural areas. Much of policies for land use in rural areas helps promote agri-environmental and agricultural biodiversity. Access to infrastructure and services are generally available at European level (drinking water, wastewater treatment, e-mail, telecommunications, transport); quality of service, however, differs from region to region. One area that needs improvement is wastewater treatment, due to the decentralized system that is growing. The request for access to broadband at European level in the field of IT and telecom creates new challenges. In addition, employment proposes opportunities that are not always sufficiently available in rural areas. On 20th of September 2005 the Council of the European Union adopted Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD regulation). This regulation is the basis for the second pillar of the Common Agricultural Policy (CAP) for 2007-2013. Policies for rural areas aim to support reforms in the first pillar of the CAP, while contributing to the implementation of the Lisbon strategy for economic growth. During the funding period 2007-2013 for rural development, funding was 10% of the CAP budget by the European Agricultural Fund for Rural Development (EAFRD), which was created expressly for this purpose. Introducing a specific category "Policies for rural areas" can not deny that these policies still consist mainly of support measures aimed at agriculture and forestry; they are motivated by considerations of agricultural policy.

The policy has three main objectives:

- improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation,
- improving the environment and the countryside,
- improving the quality of life in rural areas and encouraging diversification of the rural economy.

These objectives are implemented through three thematic axes and one methodological axis. The latter supports local development strategies under the LEADER approach (network actions to develop rural economy). For the first time, a three-level planning process was introduced for the programming period. The national strategic plan is the link between the Community strategic guidelines and development programs of each government.

The Community Strategic Guidelines presents major challenges, objectives and approaches a European point of view. Analyzes of the national strategic plan, the economic situation, structural, environmental and social development in rural areas are a potential for development. It contains a comprehensive strategic concept and the priorities for each axis, including quantification of key objectives and indicators for monitoring and evaluation. In addition, the plan provides support coherence with other policy measures at national and European level that can be found in the regional distribution of EU funds. In development programs, the regions, depending on the specific situation and in accordance with the national strategy, are defining support measures and allocation of financial resources. The regions are responsible for the preparation and implementation of development programs. As in the past, each country will submit to the European Commission a national framework (based on

common task for improving agriculture), including support measures that can be implemented by each region in each program.

Agriculture continues to play an important role in rural areas, and in some regions it contributes to a very large extent on economic growth. Small and medium enterprises are certainly mainstays, but many of them are again closely linked to agriculture both upstream and downstream processes. The potential for cultivation of renewable resources and modern biomass use through different technologies is attractive future for rural areas.

Climate protection and energy provision with raw materials accessories are essential challenges. European Commission places great emphasis on replacing finite fossil resources with renewable energies, in addition to improving energy efficiency and developing strategies for saving energy. In this regard, renewable resources play a decisive role. Bioenergy not only makes an important contribution to security of supply and climate protection, but also provides new sources of income from agriculture and forestry and encourages the development of rural areas in particular: the production and supply of raw materials for heat, electricity and fuel; processing and energy production on farms, and finally through the effects of prices for energy products and food, resulting primarily from increased demand for food worldwide and the average harvests, but also the increasing demand for bioenergy.

In order to keep a large part of the value added in the region and in several parts of the production chain as possible to stay there, it includes such provision, processing and marketing of fuels, but also use in private, the commercial biomass combustion plants.

In the short and medium term, contribution to added value in rural areas will be higher if all biomass materials and energy resources will come to be used in parallel. In the long term, amid increasing competition in the field, must to ensure that the areas with the strongest effects are predominantly added value supported. This is an advantage for the use of biomass for heating, which also lead to the greatest contribution to reducing emissions of carbon dioxide at the lowest cost.

The goals and activities at European level are strengthening sustainable energy policy, with a strong focus on expanding renewable energies.

The objectives are:

- Increasing the share of renewables in electricity generation to at least 12.5% by 2010 and by at least 20% by 2020,
- Doubling the share of renewables in total energy consumption by 2010, reaching a share of 10% by 2020 and a steady increase this share later in accordance with the national strategy of sustainability,
- Significant increase in the share of biomass in primary energy consumption in the medium term
- Increasing the share of biofuels in total fuel consumption.

Reduction of 5% in 2015 and 10% in 2020 compared to fossil fuels, brings a biofuel consumption of about 20% by volume or 17% of the energy content in 2020.

These ambitious goals require massive expansion of bioenergy and adaptation framework conditions and appropriate support instruments.

3. The allocated amounts for 2014-2020

Allocation of EU support for rural development (2014-2020) will be completed gradually, with a maximum annual amount that can be given. The amounts were granted following the presentation of the situation in each member country, the needs of rural areas in each country, the development strategies of agriculture and not least, the bargaining power of each entity

with the European Commission have represented important aspects in achieving those amounts 2014-2020. Each Member State prepares its strategy for future rural development program at least two years before it takes effect. During this period each country realizes a strategy that can access a larger amount than in the previous program.

European Union makes available an amount of about 95, 57 billion for the member countries. This amount is divided equally over a period of 7 years. Countries that access larger amounts are Germany, Poland, Spain, Italy or France. They have an important agricultural area, allowing them to develop a strategy for sustainable development and management of technologies to match. All these are the countries with the highest growth in the last decade, managed to bring agriculture to the rank of art. There is a huge difference between these states and countries like Romania, Bulgaria or Croatia, where rural development stage d only just begun and supports countless obstacles.

Depending on their position on the continent, there are priority measures for each: under the sea areas there are Malta and different areas of Cyprus, Greece, Romania, France, Italy, Spain, Bulgaria, Denmark or Portugal; in the mountain areas we find measures which are included in the rural development programs of Italy, Romania, Slovakia, France, Austria or Switzerland or plains we find priorities that are in NRDP Romania, Spain, Italy, France, Hungary, Czech Republic, Bulgaria, Germany and especially Poland.

4. The differences between rural development programs in some EU countries

The new Rural Development Programme brings improvement of the previous one, due to the fact that seeks smart growth as achieved by competitive agricultural and food production, sustainable growth through sustainable management of natural resources and a favorable growth of inclusion through balanced territorial development of rural areas. In Romania, with the accession to the European Union, Romanian village development could be supported by the European Community, through the National Rural Development Programme 2007-2013. It has for that period following priorities: to reduce as quickly as possible disparities in socio-economic development of Romania and the other Member States of the European Union, meets the requirements of rural development in the context of sustainable development and trying to solve problems arising from the needs of the environment areas.

The two other European Union countries, Poland and the Czech Republic are also part of the eastern and central part of the continent. They joined the EU in 2004 and the space is in constant development. Next we find the priority axes of the two Member States, noting that the absorption rate for 2007-2013 was 100%.

It will be considered both the Rural Development Programme 2007-2013 and one in 2014-2020 period in Romania, Poland and the Czech Republic, focusing on the differences between the two.

In Romania, the allocated amount for the period 2014-2020 is 8.015 billion EURO compared with the previous program where Romania has enjoyed a higher amount to about 700 million. The beginning of the 2007-2013 structural funds started practically in 2009 for objective reasons, which led to the decrease of the amount for the new program, according to experts. There is a big difference between the two periods, due to RDP's structure, so the first program we find 4 priority axes, and in the second program have 16 measures. Axis which was allocated the largest sum is the axis I: Increasing the competitiveness of agriculture and forestry, with a figure of 3.17 billion EURO, representing more than a third of the total, while the most important measure of new program was considered M13 - Payments to areas facing natural constraints or other specific constraints, which received 1.13 billion EURO. At the opposite pole we find axis IV: Promoting local initiatives Leader, 188 million EURO and M16 - Cooperation with 28,021,000 EURO.

The new directions of development are represented by investment in physical assets, basic services and village renewal in rural areas, setting up producer groups in the fruit growing sector and risk management. Bringing the rural basic services enjoyed by urban population represents a very important step in the development of this area. Stimulating small entrepreneurs, most often aged over 65, to associate producer groups is a very important step in the development of this sector. The biggest advantage which they benefit is bargaining power on buying fertilizers, pesticides, herbicides, etc., but also in the sales process. They can fight large groups of producers from abroad and thus represent our country at least for the main supplier of fruit in large retail chains. Risk management is another important aspect which was introduced in the new program and enables a pessimistic strategy on agricultural production and beyond. In case of material loss the measure is welcome, as it encourages local producers not to give up their own business.

In Poland, the amount allocated for 2014-2020 is 10.94 billion EURO compared with the previous program where Poland has enjoyed a lower amount to approximately 400 million. In 2007-2013, the country had the highest absorption, reported to all member countries, managing to access almost the entire amount by the end of 2012. There is a big difference between the two periods, due to RDP's structure, thus we find in the first program 4 priority axes, and in the second program we have 7 measures. Axis which had allocated the largest sum is Axis I: Competitiveness, with a figure of 5.39 billion EURO, almost half of the total amount, while the most important measure of the new program was considered M01 - farm viability, competitiveness and sustainable forest management, which received EURO 4.47 billion EURO. At the opposite pole we find axis IV: Local communities, 630 million EURO and M07 - Technical assistance, 208 million EURO.

The new directions of development pursued by Poland for the new program are the organization of the food chain, including processing and marketing of agricultural products, animal welfare and risk management; restore, preserve and restore ecosystems in agriculture and forestry and resource efficiency and the transition to low carbon economy and climate resistance in the agricultural, food and forestry. The first step towards achieving the best food is animal welfare. As long as they receive necessary food and proper care they can provide maximum efficiency. Organizing and implementing a more transparent food chain from animal feed to the finished product is a complex process that requires managing risks in order to achieve this flow. Until its completion, should be taken into account a set of risks that entail an alternative later. Restoring, preserving and enhancing ecosystems regardless of sector represents an act of praise, because it is a national asset, and improved efficiency helps the environment to be protected and helped, because in turn it to offer Benefits own population. The transition to low carbon economy and climate resistance come as a continuation of the previous measure, aimed at protecting the environment. With the development of technology, the European Union imposed restrictions in order to protect the environment. Poland meets this idea of the European Commission and continue on this side. In the Czech Republic, the allocated amount for the period 2014-2020 2.9 billion EURO, compared with the previous program where the Czech Republic has enjoyed a lower amount to approximately 500 million. In 2007-2013, the country had an absorption of 100%, managing access almost all amounts until the end of 2013. There is a big difference between the two periods, due to RDP's structure, so first we find 4 axes Program priority, and the second program we have 6 measures. Axis which was allocated the largest sum Axis II: Improving the environment and landscape, with a figure of 1.7 billion EURO, accounting for almost half of the total, while the opposite pole we find Axis IV: LEADER 144 million.

The new directions of development followed by the Czech Republic for the new program are similar to those of Poland, so we have: the support of the food chain, including processing

and marketing of agricultural products, animal welfare and risk management in agriculture; regeneration, conservation and improvement of ecosystems to agriculture and forestry and support for resource efficiency and the transition to zero-carbon economy in climate resilient areas of agriculture, food and forestry. Supporting the food chain is an EU proposal that the state take into account and carefully follows each step, especially risk management. Support for agriculture and forestry ecosystems shows that the country appreciates their values and their preservation and improvement protejează by them. The transition to low carbon economy and climate resistance that state help citizens and their environment. This approach was proposed by the European Commission and the Czech Republic has already begun to follow.

The European Commission has in its strategy for rural and regional development 6 major objectives such as: knowledge transfer and innovation in agriculture, forestry and rural areas, which is described as a transverse or horizontal priority; competitiveness of agricultural holdings and risk management; organizing food chain; ecosystem restoration and consolidation; promoting resource efficiency; social inclusion, poverty reduction and rural economic development. All of the above materializes and differences between the two rural development programs, which are resulting in the removal of the structure axis to improve flexibility, strengthening existing measures in fewer steps wider and more emphasis on knowledge transfer and innovation, cooperation, climate change mitigation and the environment. All are made for the improvement of the old program and increasing absorption.

Conclusions

The amounts allocated are different both in total and for each axis separately. The difference is given to the needs of each country village, agriculture development strategies and not least, the bargaining power of each entity with the European Commission. Romania, with a territorial of 238,391 km² had allocated for this period an amount of 8.022 billion EURO compared with Poland who knew how to best support of all member countries its own axes and priorities managing to get 13 23 billion EURO. Polish area of 312,679 km², is about 4 times larger than its neighbor, the Czech Republic (78,866 km²), which has been earmarked with 2.9 billion EURO for 2007-2013. The absorption rate was 100% for Poland and the Czech Republic and Romania will reach this figure by the end of 2015, according to the declarations of the Agriculture Minister, Daniel Constantin. It can be seen that there is some symmetry in terms of the ratio amount allocated / surface of the country. So for Romania for the period 2007-2013, this coefficient is about 33,650 EURO / km², compared to Poland where 42 311 EURO / km² and the Czech Republic where are 36 771 EURO / km². From these figures, we can achieve the quality of Poland to negotiate with the European Commission, compared to Romania, where our members have made nearly 10,000 EURO / km², less, while the topography of the two countries is similar.

For the period 2014-2020, the coefficient for Romania is about 33 621 EURO / km², compared to Poland where are 43 211 EURO / km² and the Czech Republic where are 27 519 EURO / km². The neighbor to the northeast of Germany is the only country of the three who obtained a higher amount for the new program. It is still noted that Poland's development needs are well punctuated and tracked at each meeting with the European Commission.

To conclude, we can say that the new Rural Development Programme enjoys very large amounts, waiting to be accessed. Its structuring is different from that of the previous period because now we find a much smaller number of measures for which were structured directions for 2014-2020. The strategy of each country will have its results at the end of the program, where it will be seen if sharing the total enjoyed total absorption.

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