SOCIO-ECONOMIC STRUCTURE CONSOLIDATION OF RURAL AREAS

Iulia Alexandra Oprea; Nicoleta (Marin) Ilie; Vlad Constantin Turcea

1 PhD Student, Bucharest University of Economic Studies
Email: iulia.oprea18@yahoo.com
2 PhD Student, Bucharest University of Economic Studies
Email: nicoleta_ilie_2006@yahoo.com
3 PhD Student, Bucharest University of Economic Studies
Email: vladturcea@gmail.com

Abstract
Rural Romania and the agricultural sector development had recorded notable progress as direct results of previous rural development programs’ implementation, programs financed from both European and national sources. Challenges are still to be tackled in the following financing periods as increased numbers of small scale farms, low level of technological upscale in the agricultural sector, rural degradation, farmers and rural population aging, undersupply of qualified workforce, environmental aspects that threat productivity, insufficient infrastructural development, low access at essential services and reduced number of value added products.

In this specific context, in order to reach the highest economic and social rural potential and in particularly, the rural agro-food sector, it is essential that up-untill-now efforts to be continued and improved.

Have the key priorities been fulfilled for the National Rural Development Programme 2014-2020? Have the key performance indicators been successfully implemented? What are the priorities with the largest-lowest accomplishment rate?

These aspects do represent the scope of the article and additionally, there will be highlighted the necessary actions in order to consolidate the socio-economic structure of the rural areas.

Keywords: agriculture, economy, social, absorption of European funds, COVID 19, economic recovery
DOI: 10.24818/CAFE2020/9/17

Introduction
The structure and pattern of agriculture in Romania has been facing significant changes over the past decades in relation to the contextual social, political and economic transformations (Mocanu, et al., 2018).

Romania’s accession to the European Union in 2007 brought new challenges for Romanian society, especially for the promoters of investment projects (private companies and local, regional and central public authorities).

Opportunities arose from the entry into the European Community Market and the possibility of accessing European structural funds. In the 19 years, Romania has accessed funds of over 15 billion euros for the development of Romanian agriculture and rural environment. The achievement of this balance in physical indicators, according to the monitoring data from the AFIR level, would be transposed in the signing of over 150,000 financing contracts, in the support of over 23,000 young farmers installed, in the progress of over 18,000 km of water and sewerage network and over 17,000 km of rural roads.

Through these funds, more than 6,000 SMEs have been and are currently being supported for non-agricultural investments. These figures help us to realize how much the rural area of Romania has developed. In almost every village commune in Romania there is at least one investment made by accessing funds.

According to the most recent Eurobarometer survey (2019), respondents consider that "ensuring a fair standard of living for farmers" (59% of Romanians) and "developing rural areas while ensuring their preservation" (56%) as the most important objectives. Also in this survey it is found that Romanians believe that "maintaining economic activity and employment in rural areas" (31%) and "encouraging and improving life in rural areas" (39%) are the most important. The improvement of the living standard and the modernization of the Romanian rural space, but also the redevelopment and reorganization of the agri-food sector represent the key elements of the use of these funds, but nevertheless, currently Romanian agriculture still faces problems that would be characterized by:

Small farms, about 92% of farms are under 5ha; The aging population engaged in agricultural activities, only 4.7% of farmers are under 34, while 41% are over 64 and the EU average age of young farmers is 31.1%; Also, it should be mentioned that, at the level of the European Union, there are currently approximately 11 million farms operating, and one of the 3 farms is located in Romania.

Thus, according to Eurostat and DG AGRI, most agricultural holdings are found in Romania (33%), Poland (13%) and Italy (11%), of these farms located in our country, most have a size below 5ha (Anon., 2022b).
This paper aims to analyze and present the evolution of access to European funds in 2007-2020 and the impact they have had on the modernization of the Romanian rural area, as well as the presentation of the most significant indicators of the program.

1. Literature review

Rural development is part of the Common Agricultural Policy, which is one of the most relevant sectoral policies of the EU strategy (Pirvu et al., 2022). Today’s European agriculture is characterized by technological improvement and globalization. Agricultural markets are also part of the novel technological enhancement and they are directly influencing the amplification of large-scale specialized industrial farms, generating an increase in mechanized labor in agriculture (Micu et al., 2022). The purpose of local economic development in rural areas is to thrust up the economic capability of a community to sustainable improve its social and economic life (Pavel et al., 2018).

Today’s rural environment has received increased popularity as its importance is generated from the local and authorities’ actions. Rural areas importance consciousness has been primarily influenced by the European authorities, as the EU area consists more than 80% of rural and intermediate areas and also due to the fact that they gather more than 55% of the EU population and more than 55% of the European labor market (EU, 2020). Rural development and especially the socio-economic part become by this mean an important policy framework. Increasing rural development awareness should be emphasized especially by the local communities through fair opportunities, strengths and weaknesses display. The central European development agenda has increased the awareness towards emphasizing the rural environment, but the particular national problems are creating major imbalances within borders and across countries (Ciolac et al., 2021).

Technological advancements for sustainable rural development have been mentioned in the scientific literature and are essential for uplifting ideas, solutions and methods for both agricultural and non-agricultural practices in order to promote a resilient rural ecosystem (Şerbu and Borza, 2014). Regarding the rural entrepreneurship, the key drivers of growth is the acknowledge entrepreneurial activities, playing an important role in promoting economic and social development, due to their capacity to aggregate job creation and productivity growth. Previous research concluded that conditions of the environment, including social, cultural, educational and economic variables, are acknowledging the role of contextual barrier conditions in the development of intent to start a business in rural areas of Romania. Social, cultural and educational barriers can affect rural entrepreneurship and, ultimately, affect the population to participate in rural entrepreneurial activities (Păunescu and Molnar, 2020).

Rural communities’ development in Romania can only be fully obtained through sustainable principle’s complete application, in total harmony with the other contemporary issues. The proper implementation policy requires tailored public policies and real-life application-implementation (Burja and Burja, 2014).

2. The stage of knowing the problem

The Romanian space is distinguished by a rural footprint which is determined by the high share of the population in rural areas, about 45% of the country’s population according to the INS are found in rural areas. The evolution of the rural population in the period 2014-2019 is not exactly satisfactory, as according to statistics there is a considerable decrease in the young population (0-17 years), respectively 5.55% in 2018, compared to 2014, and in terms of the population that is in active condition (18-41 years), the decrease is accentuated, being found with 6.40% less young people in rural areas in 2018, compared to 2014, thus reaching 2,640,015 people, instead there are increases of the population of the rural environment of the inhabitants aged between 42 and 65 years, with almost 2% in the reference period, and the persons over 65 years, knowing increases of 2.28% until 2018.

The decreasing trend of the young population (0-41 years) and the increasing trend of the population over 42 years of age in rural areas show the aging phenomenon of the rural population, but at the same time, it also shows the disinterest of young people to settle in rural areas. Reasons being: lack of jobs, poor development and industrialization of rural areas, lack of information and training of young people in this direction, etc. as well as the desire of young people to work in a digital environment, so physical work is replaced in their preferences with intellectual work. At present, competition-wise, farming and farmers in Romania are still strongly disfavored in relation to their competitors in the old EU Member States.

For more than half a century, the Common Agricultural Policy has been the pillar of financial or total budget support that the EU has chosen to transfer to this policy, in the current programming period approx. 435.6 billion euros, totaling 39% of the total budget, are allocated by the European Union to support the population (farmers and consumers), thus representing one of the most basic policies that have been at the foundation of the great European Community.

The desire to gradually close the gaps in the European Community has continued, with the development of Agenda 2000 which has prepared the market for liberalization and outsourcing in Eastern Europe, so it has focused on
sustainable development of natural and climate resources, balanced objective viable food production. Therefore, the CAP has successfully achieved all its primary objectives, thus managing to support European farmers with financial incentives and the population with good quality food at safe prices and accessible to all social categories, achieving these priorities through the two pillars of the CAP, Pillar 1 - direct payments and Pillar 2 - rural development.

Considering the type of Romanian economy that has been preserved since 1975, respectively industrial agrarian, the development of the rural environment since the beginning of Romania's pre-accession to the EU was a first objective created, in order to support the country's efforts.

Was assisted by three PHARE, ISPA and SAPARD programs in the period 2000-2006 (the programs provided financial incentives to accelerate the development of disadvantaged areas), and after accession will be substantiated and approved by the European Commission, PNDR 2007-2013, which the allocation of non-reimbursable funds for the improvement of the rural economic and social environment.

Regarding the indicators for achieving the NRDP 2007-2013, the situation is as follows:

An attempt was made to improve the areas where the GDP was below 70% compared to the national average, thus financing over 879 projects with a total budget of 1.83 billion euros, money given to rural town halls, through which modernizations were carried out. of the infrastructure as follows: 4,143 km of communal roads, 3,028 km of water supply network and over 4,531 km of sewerage networks were rehabilitated and built, therefore currently over 3,000,000 people in rural areas now benefit from modernized services, as well as rehabilitated and renewed basic rural infrastructure. PNDR also supported the improvement of agricultural, forestry and irrigation infrastructure, financing over 677 projects, worth 670 million euros, of which 3,076 km of agricultural roads and 1,603 km of forest roads were created and developed, protected from floods over 44,794 ha, as well as 312,618 ha rehabilitated through irrigation projects.

Regarding the stage of implementation of PNDR 2014-2020, on October 22, 2020, the situation is as follows:

71,739 projects were submitted with a value of 9,656,726.14 euros, of which 45,515 were selected with a value of 5,388,421 euros, and 43,448 were contracted with a value of approximately 5,143,076 euros (the value of payments made between 1.10.2019-15.10.2020 being of 1,304,556,609euro contribution EAFRD + state budget), according to the monitoring data from the AFIR level.

The implementation of performance indicators has the role of presenting the impact that EU funds have had on closing the economic and social gaps in rural areas, thus extracting the most relevant data on the absorption of funds for investment measures under the NRDP 2014-2020, respectively M6: “Development of holdings and enterprises” and M4: “Investments in physical assets”, according to AFIR, are as follows:

Table 1. NRDP 2014-2020 M4 and M6

<table>
<thead>
<tr>
<th>Submeasures</th>
<th>No. of submitted projects</th>
<th>Value Projects submitted (euro)</th>
<th>Projects contracted for payment</th>
<th>Value Payments made</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STAGE OF IMPLEMENTATION ON 30.12.2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub - measure 4.1</td>
<td>668</td>
<td>266.266,024</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sub - measure 6.1</td>
<td>2.874</td>
<td>120.860,000</td>
<td>130</td>
<td>0</td>
</tr>
<tr>
<td>Sub - measure 6.3</td>
<td>1.254</td>
<td>18.810,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>STAGE OF IMPLEMENTATION ON 29.12.2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub - measure 4.1</td>
<td>1.922</td>
<td>757.716,948</td>
<td>383</td>
<td>67.370,914</td>
</tr>
<tr>
<td>Sub - measure 4.1a</td>
<td>240</td>
<td>107.527,339</td>
<td>11</td>
<td>697,039</td>
</tr>
<tr>
<td>Sub - measure 6.1</td>
<td>3.339</td>
<td>202.570,000</td>
<td>2534</td>
<td>14.763,000</td>
</tr>
<tr>
<td>Sub - measure 6.3</td>
<td>4.942</td>
<td>74.100,000</td>
<td>666</td>
<td>6.311,250</td>
</tr>
<tr>
<td><strong>STAGE OF IMPLEMENTATION ON 28.12.2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In total, from the beginning of the programming period until now, for the measures PNDR2014-2020, 6.6 billion Euros have been paid, of which 5.48 billion Euros represent the EU contribution (without pre-financing). Compared to the EAFRD allocation of 8.1 billion Euro, there is a degree of absorption of the EAFRD of 67.45%. At the moment, Romania is on the 12th place at the level of the European Union in terms of payments made, according to Eurostat on October 26, 2020.

Taking into account all these efforts made during this period, through which we can see an improvement in the life of rural Romania, it should be mentioned that in some areas of our country there are still large discrepancies in terms of socio-economic impact of the possibility access to EU funds.

According to Eurostat, Romania is among the EU leaders in the population connected to wastewater treatment with a share of 46.5% with 53% less than the Netherlands which has a share of 99.5% achieved, but also in the population that does not have no bath, no shower, no indoor toilet in the household the country is in a pleasant situation with only 22.4% of rural residents having access to these benefits, the main causes of this low share being lack of money, precarious health education, as well as difficult access to resources.
Romania is currently struggling with the aging population in rural areas, as well as with the weak, but especially non-existent theological development of farms. Also, our country has the largest number of farms in the EU, far exceeding the EU average, being registered in the APIA registers approximately 830,000 farms, of which approx. 800,000 are subsistence and semi-subsistence farms, which means achieving a form of non-commercial agriculture, without adding value to the local community, by the fact that their production is very low and incomes cannot ensure daily living. At the opposite pole are the production farms (agricultural holdings that carry out commercial activities in an associative or independent system), which currently number approx. 30,000 nationwide. In this sense, it should be noted this discrepancy that makes our country make every effort to analyze these discrepancies for the next programming period and find viable solutions for these subsistence farms that are so prevalent in our country.

If we refer to the cultivated agricultural areas, they are in an increasing trend, the most cultivated development region in Romania being SOUTH-MUNTENIA with an area of 1,891,769 ha in 2019, and at the opposite pole being the BUCHAREST region -ILFOV with 63,561 ha in 2019, the area being continuously decreasing due to the large number of people whose field of activity focuses on digital work, and another determining factor being the massive sale of arable land in the peripheral areas of the area.

The rise and spread of the coronavirus pandemic (COVID-19) has created an imbalance in all sectors worldwide, massively disrupting the global economy (Sridhar et al., 2022). The impact created by the COVID-19 pandemic triggered this year. caused a negative evolution of the unemployment rate, including among young people in rural areas, the main negative factors being: low level of education and training of young people at the time of transition to the labor market, mismatch between youth qualifications and skills currently required by employers. According to the data registered at the level of the public employment service, between January 2020 and August 2020, a number of approximately 6000 jobs were declared vacant in the agriculture and food industry sectors.

In this context, if we refer to the financing possibilities for 2020 in agriculture and rural entrepreneurship in Romania, on July 1, the Romanian Government has approved the National Investment and Economic Recovery Plan. Its general objective is to achieve new development pillars that require comprehensive and sustained structural reforms, which will stimulate the competitiveness of the Romanian economy and accelerate the real convergence of Romania with the developed economies of the European Union. At the same time, given the investment and rural and regional development gaps between the country's regions, there is a need to stimulate public investment, make full use of European funds and attract foreign direct investment in a combined manner, while also reducing the gap of competitiveness and development between the regions of Romania.

Through grant and state aid schemes, entrepreneurial initiatives in the agricultural sector are also encouraged, which will aim to increase the added value of certain categories of activities that manage and implement European funds in agriculture. One of the most important distortions on the Romanian labor market comes from the disproportionately high share of agriculture in relation to European standards. Although the share of the population employed in agriculture is growing, it is still far from a level that reflects an improvement in the organization of the agricultural sector, in line with the principles of modern and competitive agriculture in Europe.

The effects of the financial and economic crisis have been manifested by reducing the number of jobs and, implicitly, by increasing unemployment, by limiting and slowing down job creation, with direct consequences in blocking the entry of young people into the labor market and leaving the labor market of people with a vulnerable position (people employed on temporary contracts, the elderly, people with a low level of education, people with disabilities, etc.). The evolution of employment and the distribution of jobs are closely linked to the model of sectoral economic activity, oriented towards low value-added activities and characterized by a high dependence on agriculture, which remains an extended activity at the level of all.

Making an analysis of agricultural holdings in 2020 with areas ranging from 0 to 5 hectares, they represent 90% of total holdings (approximately 800 thousand farms, which manage 40% of the usable area of Romania). This is the consequence of the fact that in agriculture the structure of the employed population according to the professional status is completely different from that of the other branches of the national economy. Indeed, it can be said that the population employed in agriculture is aging, only 4.7% are under 34 (EU28: 6.0%), while 41% are over 64 (31.1% in EU28).

In this case taking into account the provisions and objectives of the National Investment and Economic Recovery Plan (July 2020), respectively those of Chapter 2 "GRANTS, GUARANTEE SCHEMES AND SUPPORT PROGRAMS", the subchapter: "Support for agricultural development and of the agri-food industry", there is the possibility of creating initiatives in terms of supporting and supporting rural entrepreneurship in Romania.

Also in the context of COVID 19, in order to encourage young people in the diaspora, the Agency for Financing Rural Investments in collaboration with MADR held a special project submission session on sub-measure 6.1, in this regard 20 million euros were allocated for applicants who had a job in both EU Member States and EU third countries in the field of agriculture, at least 3 months in the last year before the application for funding, and a study program in the
field of agriculture: postgraduate, university, pre-university in both countries EU Member States as well as EU third countries.

Given the low degree of accessibility by the diaspora, with only 5 projects submitted a new session for the diaspora is being considered with a relaxation of the imposed conditions that applicants must meet to increase the degree of interest and accessibility of this sector so important for rural areas.
Conclusions
The development of rural areas in Romania represented the beginning of the growth and improvement of the living standard, the decrease of the social exclusion, as well as the economic growth of the regions with a low GDP. The impact that access to EU funds has had on the socio-economic environment has shown a high degree of poverty in rural areas.

If we take into account the fact that we are approaching the application of the new provisions regarding the future programming period, respectively PNS 2021-2027, the conclusions are the following:

At the economic level, it is necessary to guarantee a long-term economic growth that will benefit the citizens of Romania, to transform the economy into a sustainable one and competitive in the field of agriculture, by focusing on innovation, optimism and resilience of citizens. Such an approach will create a culture of entrepreneurship in which the citizen can achieve material and aspirational. Romania ranks sixth in Europe in terms of agricultural area used, which is why agricultural efficiency, strengthening farms and food processing enterprises are a priority.

If we mention the achievement indicators of the previous programming periods, respectively by implementing PNDR 2007-2013 and PNDR 2014-2020, it was wanted to eliminate all harmful factors to the socio-economic environment, so by accessing EU funds were financed in the first implementation period approx. 879 projects with a budget of 1.83 billion euros, money that was used by town halls in rural areas for the development and modernization of communal roads, water networks and sewerage networks so over 3,000,000 residents of areas severely affected by socio-economic gaps, currently benefit from a new infrastructure as well as a better life. In the second period of PNDR implementation, the amounts allocated to the rural environment were much higher, but the number of submitted projects was in an increasing trend compared to the first period, so it was allocated by the European Commission over 1 billion euros, and the value of the submitted projects exceeding 1.7 billion euros, the degree of use being 172.33%, out of the total number of submitted projects, only 45,668 were given for payment, thus the degree of use of the allocations being 77.88%.

The investment measures from PNDR 2014-2020 that had the highest indicators of achievement in agriculture are: Measure 6: "Development of farms and enterprises" (44,889 submitted projects) and Measure 4: "Investments in physical assets" (7697 submitted projects). If we refer to the implementation of Sub-measure 6.1 of the NRDP 2014-2020, as an analysis in this case study, we can mention the following aspect that we can give an example in this study: of approximately 20,000 young farmers installed, if we divide this value to the number of communes that are found on the territory of Romania, respectively 3000 communes, results that in each commune the number of young farmers installed is 3.

In this sense, we can see the discrepancy between the success of the implementation of Sm 6.1 in Romania during 2014-2020 and the small number of young farmers compared to the large number of communes in our country.

In view of this, there is a need for future measures to be taken at both local / regional level and at the level of authorities. It should also be mentioned that, although European funds have had and still have an important socio-economic impact in terms of the development of Romanian agriculture, it is necessary to be aware that complementary actions are needed.

These complementary actions can represent support and support for farmers in our country by introducing new legislative projects to ensure fiscal and administrative facilities undertaken by both government authorities and local public administrations.

Considering the measures implemented to reduce the economic and social gaps, Romania still faces a large part of these gaps, such as: population aging, emigration to urban areas or the diaspora, aged technology of agriculture, but especially the number of subsistence farms in our country that far exceeds the EU average.

Following the analysis of the structure of farms according to the economic dimension, it was found the underutilization of agricultural space, especially in the new Member States, but especially in Romania. At the production level of farms at EU level, it was found that very few manage to exceed the amount of 2000 euros, their share being extremely high in Romania, Bulgaria and Hungary, Romania being in first place.

One of the most important distortions on the Romanian labor market comes from the disproportionately high share of agriculture in relation to European standards.

Although the share of the population employed in agriculture is growing, it is still far from a level that reflects an improvement in the organization of the agricultural sector, in line with the principles of modern and competitive agriculture at European level. However, the development of rural communities in Romania is visibly increasing, the performance indicators presented show the continuous interest shown by the Romanian authorities, on the one hand, and the interest of rural entrepreneurs, on the other hand, in the measures to improve living standards and modernize efforts in areas with a low economic and social deficit.

References
2. [online] Available at: <https://bdpr.afir.info/> [Accessed 16 May 2021].