

The Characteristics of the Contracting Process within the National Program for Rural Development 2014-2020

Florian MARIN¹

Abstract

The article addresses the situation of the implementation of the National Program for Rural Development (NRDP) 2020, taking into account two reference dates, respectively 18.04.2019 and 16.05.2019. The analysis of the characteristics of the contracting process takes into account two variables of maximum importance for the absorption situation, namely the number and value of the projects. The article analyzes the aforementioned variables from the point of view of several stages specific to the management system, thus offering an image on the interest of the beneficiaries, the size of the implementation capacity but also the situation of the NRDP implementation process during the programming period 2014 - 2020. The article groups the measures that are found at the NRDP level in 3 categories, these targeting 3 main needs found at the program level, namely increasing competitiveness and developing the agricultural sector, rural infrastructure and diversifying the rural economy by financing non-agricultural activities.

Keywords: NRDP, absorption, value, projects, payments made

JEL classification: J28, L84

DOI: 10.24818/RMCI.2020.1.96

1. Introduction

The Common Agricultural Policy (CAP) is one of the most important European policies, its importance deriving from the allocated budget but also from its age, the CAP becoming one of the emblematic policies of the European Union today. The CAP integrates two pillars, namely pillar 1 respectively direct payments and interventions in the market respectively pillar 2, pillar that has undergone a series of transformations in recent years, this one aiming at increasing the competitiveness of agriculture, diversifying the rural economy but also modernizing the villages respectively their sustainable development. The CAP is implemented in a context in which agriculture undergoes significant transformations, transformations generated by technological progress but also by the challenges related to the environment and climate change. The challenges related to the environment, paradigm changes in rural development as well as those related to technological progress have generated a need for CAP reform, which is materialized even at the NRDP level.

NRDP is the most important investment program for the Romanian rural area, this being a program that addresses the need for specific development of the rural environment in an integrated approach. Romania, did not benefit from such a

¹ Bucharest University of Economic Studies, Romania; marinflorian_21@yahoo.com

program after 1990, the accession to the European Union allowed a different approach of the Romanian rural environment, an approach in accordance with the provisions of the CAP. The NRDP is an integral part of the CAP, which is the pillar 2. The lack of such a program at the level of Romania has generated a significant concern from the authorities in order to attract as many resources as possible from the NRDP. This approach is considered to be normal because the financial allocations for NRDP are significant. During the programming period 2014 - 2020, the EU allocation is 8.127.996.402 euro so NRDP is the largest investor in the Romanian rural environment. This is considered to be one of the most complex programs in the 2014-2020 programming period, regardless of whether we refer to the Cohesion Policy or the Common Agricultural Policy. The complexity derives on the one hand from the number of beneficiaries with which the program interacts but also the diversity and the number of needs addressed by it. To all this is added the mix of administration rules and conditionalities imposed by the European Commission, all of them generating significant challenges. Ensuring a process of transforming financial resources into concrete and direct measures for the development of agriculture and the Romanian rural environment has proved to be a difficult process. The challenges of an implementation process target the entire set of entities and structures that directly or indirectly intervene in NRDP implementation. Most of the works that focus on the characteristics of absorption focus in particular on the types of absorption and on the level of expenditure. These are influenced in particular by the contracting rate and the characteristics of the contracting process at the operational program level, these being elements analyzed within the present material.

2. Methodology

The analysis of the NRDP 2020 absorption characteristics was carried out by identifying the main measures at program level, the benchmark being the allocation that this measure benefits from. Subsequently, the measures analyzed were grouped according to the financed need, so that 3 main needs were addressed, namely the competitiveness and development of the agricultural sector, the increase of the quality of life and the rural infrastructure, but also the diversification of the rural economy, respectively the financing of the non-agricultural activities. The analysis process aimed at addressing two main variables, namely the value and the number of projects submitted, these being interpreted from the perspective of the values and projects submitted, selected and contracted respectively. The interpretation of the data was made based on statistical formulas respectively, taking into account the specificity of the management system, the administration rules and the strategic framework.

3. Literature review

During more than 50 years of existence, the CAP has undoubtedly improved its performance, which has managed to offer solutions to certain market distortions, but nevertheless, there are still aspects of its regulations that could lead to distortions of free competition on the EU internal market, sometimes placing

low-income farmers at a disadvantage (Zahrnt, 2015). CAP has in time become one of the most expensive and important policies of the European Union, this having an impact, by its structure, not only on European agriculture but also on the environment or on the food industry (Ackrill, 2000). The enlargement of the European Union, the changes in the matter of budgetary philosophy but also of the budgetary amount, the various reforms in terms of the instruments used and the management systems used, have been essential elements in the construction, adaptation and evolution of the CAP (Vasile et al., 2015). CAP is not a static policy, it is in a continuous process of adaptation to the economic and social realities, so that there are significant differences from one programming period to another. These differences derive mainly from the European and national strategic framework. Specifically, we refer here to the evolution of agriculture in a sector that aimed only at reducing poverty in one that also includes environmental protection. We also add here the significant importance attributed to the urban-rural links in the dynamics of the rural development processes, all of which are integrated within the CAP. In this context, analysts believe that the CAP could make a decisive contribution to this aspect, by introducing measures that generate economic sustainability and ensure the need for long-term food, while protecting the environment. (Winter, M. & Fry, C. & Carruthers, S. P., 2008). During the programming period 2014-2020, it aimed at transforming European agriculture (Andrei & Popescu, 2014; Hart et al., 2011; Bougherara, et al, 2010; Brady et al., 2009, Badea & Mieila, 2008) into a competitive sector capable of generating considerable added value at the same time as promoting other types of activities (Ungureanu, 2015).

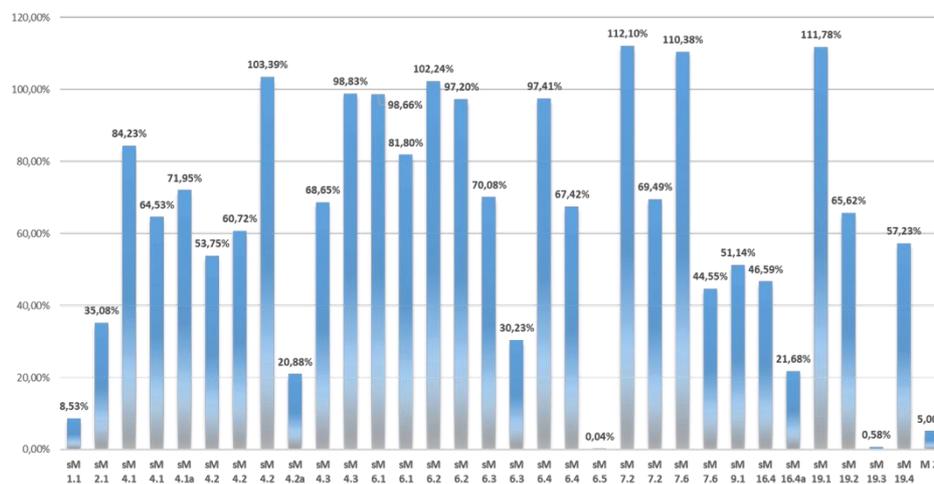
European funds were one of the main advantages offered by membership of the European Union, but experience has shown, even in the case of older Member States within the European Union, that there have been difficulties in the proper use and absorption of CAP funds (Kurecic & Segovic, 2016). The governments have kept their behaviour aimed at pulling a large amount from the CAP for the direct advantages of the respective state. The problem with a fully integrated European policy is that each country tends to consider it a common basket from which to take as much as possible. (Luke, 2009)

One of the important changes regarding the 2014-2020 CAP refers to the transparency of the implementation process and the amounts granted to rural areas in the European Union (DG Agriculture & Rural Development, 2014), so this article takes over and analyzes the situation of the implementation process taking into account of the transparency of the financing process, respectively the implementation of the projects approached at NRDP level.

4. The state of implementation of NRDP

NRDP is currently one of the most efficient operational programs from the 2014-2020 programming period in terms of absorption. On 01.11.2019, the payments made to the beneficiaries were 4.382.933.292 euro (53.92% of the total allocation), the current absorption was 4.225.655.549 euro (51.99% of the total allocation) and the actual absorption was of 3.924.227.198 euro (48.28% of the

total allocation). The small differences between the different types of absorption mentioned above ensure the existence of a fluid management system, capable of ensuring a smooth implementation of the procedures provided. As of 01.11.2019, none of the operational programs for the 2014-2020 programming period provided a current absorption of over 50%, except for the Operational Program for Technical Assistance.



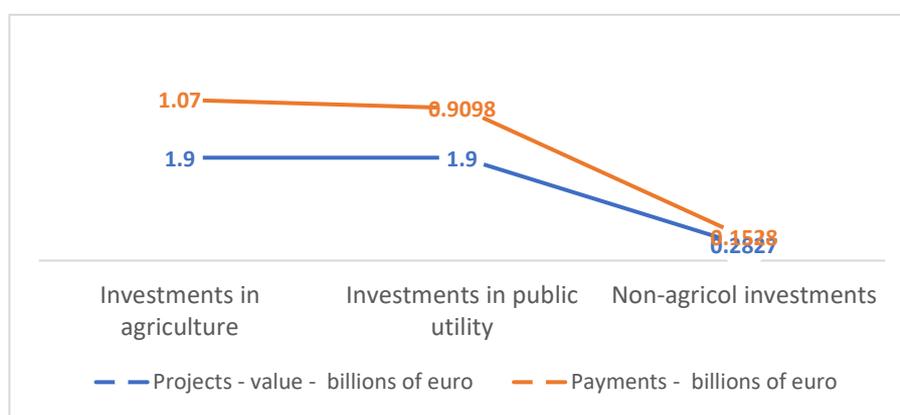
Graph 1. Degree of absorption compared to the contracted amount

Source: Ministry of Agriculture and Rural Development

The structure of absorption is an important element for an implementation considered to be of quality. The graph above illustrates the absorption structure in relation to the amount contracted under all the measures found in the NRDP. Unlike other operational programs, the calculated absorption relative to the contract is a more relevant indicator for absorption because the costs incurred in the first phase of the project are higher than for other operational programs. Specifically, for the operation of a fruit crop, NRDP grants a percentage amount for the establishment of the plantation, this exceeding 50% of the project value. After the operation of the plantation and the generation of income, another instalment is unlocked up to the total value of the funded project. Such an approach generates significant expenses immediately after the contracting process, conditioning the commercialization of the production to release the second tranche of financing. Obviously, not all measures found in NRDP benefit from such a structure, the references mainly targeting those measures oriented to the agricultural sector. The graph above shows an unbalanced absorption structure at NRDP level, on 16.05.2019. We can observe measures where the absorption relative to the contracted amount exceeds 100% instead, we identify measures where the absorption does not exceed even 10%.

The lowest absorption rates can be observed for measures 6.5, 19.3, 20 and 1.1, which is up to 10%. These target small farmers, knowledge transfer or technical assistance. The measures that have registered an absorption of more than 100% are measures 4.2, the dedicated allocation of ITI, 6.2, 7.2, 7.6, 19.2. Measures with absorption above the assigned value are those measures aimed at local development and cultural heritage. The situation of measure 4.2. ITI allocation is atypical due to the low allocation enjoyed by the ITI instrument at the NRDP level. Thus, we observe a major interest from the stakeholders of NRDP, implicitly of the beneficiaries in using the investment opportunities in areas that do not directly concern the agricultural sector, which is proven by a large number of projects submitted under these measures. At the same time, the measures aimed directly at the agricultural sector generate a high absorption level but below 100%. The measure aimed at investments in agricultural holdings (4.1) concerned an absorption of 84,23%, investments in orchards (4.1.a) an absorption of 71,95%, the installation of young farmers (6.1) an absorption of 98,66% and the support for the development of small farms generated an absorption of 70,08%. A modest absorption, referring here to the sub-measures for measure 16, these being below the 50% level.

The graph above demonstrates an unequal distribution of absorption, depending on the major needs categories concerned. The diversification of the rural economy, the rural infrastructure and the investments aimed at improving the quality of life benefit from a significant absorption, exceeding 100%. At the same time, the measures aimed directly at the agricultural sector ensure absorption of over 50% but below 100%. In general, with minor exceptions, the absorption at the NRDP level is a big one on May 16, 2019, with the premises of absorption in the terms found at the program level. However, a high absorption does not necessarily mean that it is a qualitative one and capable of solving problems that the rural Romanian faces. By summarizing and grouping the financing measures covered by NRDP we can see in the graph below the thematic distribution of the financing granted through NRDP:



Graph 2. Thematic distribution of the funding provided through NRDP 2020
Source: Ministry of Agriculture and Rural Development

The graph above demonstrates an equal distribution of investments referring here to agriculture and infrastructure. These two categories cover the need to increase the competitiveness of the Romanian agriculture and respectively to increase the quality of life in the rural environment. Each of the two areas benefited from each contracted projects worth 1.9 billion euro. There are significant differences regarding the project structure or the flow of implementation, a situation proved by the fact that the amount related to investments in agriculture is distributed based on 38.851 projects and the investments in increasing the quality of life or public utility were distributed based on 2.749 projects. Regarding the payments to beneficiaries made under the aforementioned financing contracts, we can observe a slightly different dynamic. Contracts targeting investments in agriculture generated payments of 1,07 billion euros, while those aimed at public utility generated payments of 0,9098 billion euros. At the same time, projects targeting non-agricultural investments occupy a minority share at NRDP level, benefiting from 282,7 million euro financing contracts distributed based on 3.134 projects, generating payments to beneficiaries worth 152,8 million euro.

NRDP results	392,030 ha undergoing modernization and rehabilitation for irrigation
	3,448 sq. Km - communal roads being modernized
	2839 SMEs supported by non-agricultural investments
	748 km of forest roads undergoing modernization
	307 processing units for agricultural products and fruit trees
	8455 new jobs created
	1753 km of water supply network in rural area
	4.28 million inhabitants benefit from rural infrastructure of heritage undergoing rehabilitation
	2989 km of sewage network realized
	814 km of agricultural roads being modernized or set up
	20791 farmers supported through NRDP

Figure 1. NRDP 2020 results on May 16, 2019

Source: Ministry of Agriculture and Rural Development

The figure above demonstrates a process of implementation at the NRDP level that addresses the main indicators considered to be critical for the program and the rural development process. Also, the situation of the results presented in the figure above proves the integrated and complementary character at the level of the funded projects because it concerns both supported farmers, modernized agricultural holdings, infrastructure or non-agricultural economic activities. The situation of the above-mentioned results proves a process of implementation at the NRDP level considered to be following the provisions of the strategic and

programmatic framework. Complementarity in the case of NRDP is a principle much easier to achieve, based on the integration of all the development needs existing in the rural environment within a single program. This avoids the situation in the case of Cohesion Policy, in which the principle of complementarity is much more difficult to tackle because the management structure of the mono-fund type, the existence of several funds with which the Cohesion Policy interacts but also of several entities responsible for its implementation in Romania generates additional challenges. The territorial concentration is a variable that is not analyzed within the present material, its analysis being imperative necessary to identify the characteristics of the principle of complementarity and the integrated character.

5. Financing the increase of competitiveness and development of the agricultural sector through NRDP

Ageing and reducing the population of farmers, migration but also ageing of the rural population are some of the main problems recognized at NRDP level, problems transformed into investment needs. The focus on young people is found transversally within the NRDP, whether we refer to the existence of measures dedicated exclusively to young people, to the eligible needs or the additional scoring of the investment projects undertaken by young people. The thematic diversity financed through the NRDP regarding young people has highlighted the structure of the program, whether we refer to the establishment of new small farms because of increasing the attractiveness of agriculture and rejuvenating the population of farmers, on the development of farms or non-agricultural activities. 10.135 young people were supported to set up farms and to become head of the organization they contracted 416 million euro, 2.193 young farmers benefited from 33 million euro for the development of small farms, 65 young people realized and contracted projects worth 201 million euro for the development of agricultural holdings. Also, 55 young farmers benefited from 23 million euro for the development of the orchards and 742 others benefited from 65 million for the diversification of the rural economy (561 young people, 33 million euro) and the development of non-agricultural activities (185 young people, 32 million euro) respectively for setting up non-agricultural activities.

The analysis of the implementation process within the NRDP had to take into account the dynamics of the values and projects submitted. These variables reveal the fluidity of the management system. The table below addresses the structure of the amounts that have been the object of the management system responsible for NRDP implementation.

Table 1. Statement of the value of projects for the agricultural sector on 18.04.2019

Measure	Value of projects submitted	Value of selected projects	Value of contracted projects	Payments made
4.1.	2.232.224.782	998.758.366	668.914.724	392.444.433
4.1. ITI	56.160.669	25.153.553	21.296.200	10.638.647
4.1a	671.973.045	244.440.048	198.282.965	45.361.328
4.1a ITI	4.923.015	4.358.466	4.358.466	167.047
4.2	619.493.897	317.449.931	159.913.928	51.740.835
4.2. ITI	11.489.693	10.959.866	10.959.866	1.209.596
4.2.a	11.672.499	10.234.665	7.231.399	1.610.729
4.3. - irrigation	287.443.357	189.050.730	180.347.372	80.216.109
4.3. ITI	6.798.482	6.794.520	6.794.507	3.024.329
4.3. agricultural access infrastructure	418.451.214	78.989.370	77.428.873	42.078.412
4.3. agricultural access infrastructure - ITI	3.452.793	3.347.047	3.347.047	798.886
4.3. forestry infrastructure	146.722.415	91.277.869	91.032.475	30.747.017
4.3. forest infrastructure - ITI	1.462.698	1.421.820	1.421.820	0
6.1.	582.100.000	413.750.000	406.540.000	338.333.054
6.1. ITI	9.470.000	8.300.000	8.180.000	6.327.500
6.3.	254.700.000	163.215.000	119.298.750	92.369.959
6.3. ITI	3.405.000	2.265.000	1.286.250	963.750

Source: Ministry of Agriculture and Rural Development

The total value of the contracted projects represents a variable that illustrates the technical and financial capacity that they benefit from. The structure of the absorption capacity is a vital variable for a fast and efficient absorption process. As can be seen from the table above, the measure 4.1 respectively the investments in agricultural holdings, was one of great interest because projects amounting to 2.232.224.782 euro were submitted far beyond the existing allocation at NRDP level. 44,74% of the value of the submitted projects constituted the value of the selected projects, more precisely 998.758.366 euro. The value of the contracted projects was 668.914.724 euro, of which 58,66% constitute payments already made, namely 392.444.433 euro. Measure 4.1. it is one of the most used measures at the level of the beneficiaries, this being clearly shown by the fact that 19% of the values were contracted compared to the value of the submitted projects.

Such a situation proves the existence of unused implementation capacity at the level of measure 4.1 the situation is approximately similar in the case of dedicated ITI allocations but the allocations are much smaller. More specifically, projects totalling 56.160.669 euro were submitted, out of which 21.296.200 euro projects were contracted, on 18.04.2019 payments amounting to 10.638.647 euro were made. Similar behaviour at the level of the beneficiaries can be found within the fruit program, the interest for these types of investments is also very high. Projects amounting to 671.973.045 euro were submitted out of which about one third were selected (244.440.048 euro), the actual contracted values being 198.282.965 euro. The payments already made are by 22.87%, smaller than in the case of measure 4.1. The need for the processing of agricultural products was a great need among the beneficiaries. Projects amounting to 619.493.897 euro have been submitted, provided that the total allocation is 359.883.695 euro. Also, the selected values represent 25% of the value of the submitted projects and the payments to the beneficiaries represented 32,5% of the contracted value.

The infrastructure that serves the agricultural sector has delivered slightly different behaviour in comparison with investments in agricultural holdings, which is influenced by lower allocations. The development of the irrigation system, needing maximum importance for the agricultural sector generated projects worth 287.443.357 euro, of which 189.050.730 euro constituted the value of the selected projects and the value of the contracted projects was 180.347.372 euro. The agricultural access infrastructure generated projects worth 418.451.214 euro, of which only 77.428.873 euro were contracted amounts and the forestry infrastructure generated projects worth 146.722.415 euro, of which 91.032.475 euro are contracted amounts. Specific to the agricultural infrastructure is the very small difference between the value of the selected and contracted projects so that the level of termination is very small. The support of the young farmers constituted a need that involved projects worth 582.100.000 euro, of which 413.750.000 euro represents the value of the selected projects and 406.540.000 euro represents the value of the contracted projects. Also, the support of small farms generated projects worth 254.700.000 euro, of which 163.215.000 euro are selected projects and 119.298.750 euro are the value of the contracted projects.

Table 2. Status of projects on 18.04.2019

Measure	Number of projects submitted	Number of projects selected	Number of projects contracted	Terminated projects
4.1.	4.055	1.850	1.517	17
4.1. ITI	133	52	48	0
4.1a	1.174	476	404	6
4.1a ITI	9	8	8	0
4.2	745	327	190	7
4.2. ITI	7	6	6	0

Measure	Number of projects submitted	Number of projects selected	Number of projects contracted	Terminated projects
4.2.a	32	25	15	3
4.3. - irrigation	287	192	185	3
4.3. ITI	7	7	7	0
4.3. agricultural access infrastructure	441	81	80	0
4.3. agricultural access infrastructure - ITI	4	4	4	0
4.3. forestry infrastructure	104	65	65	0
4.3. forest infrastructure - ITI	2	2	2	0
6.1.	14.155	10.078	9.903	12
6.1. ITI	232	204	201	0
6.3.	16.982	10.881	7.956	12
6.3. ITI	227	151	86	0

Source: Ministry of Agriculture and Rural Development

Analyzing the situation of the submitted projects we can see that their distribution is centralized in a small number of measures, more precisely 4 and 6. Within the measure 4.1. 4.055 projects were submitted out of which only 1.517 were contracted. The success rate for measure 4.1. it was about 37% equal to the one found in level 4.1. A which concerns the fruit program where the success rate was 36%. A reduced success rate can be found even in the case of measure 4.2, which is 26%. Under measure 4.2. 745 projects were submitted out of which 327 were selected and 190 were contracted. The development of the irrigation system involved 287 projects out of which 185 were selected and the agricultural access infrastructure generated 441 projects out of which 80 were contracted, this delivering the small success rate of 18%. Also, the development and modernization of the forest infrastructure generated a number of 104 projects out of which only 65 were contracted. The largest number of projects was generated by the measures aimed at developing young farmers and small farms, which together generated a number of 31.137 projects. The values of these projects are much lower than for the other measures. The support of the young farmers generated a total of 14.155 projects out of which 9.903 were contracted, respectively, resulting in a success rate of 70%. The support of the small farms generated 16.982 projects out of which 7.956 were contracted, the success rate is 47%.

6. Financing the growth of rural infrastructure through NRDP

The Romanian rural environment is facing an acute infrastructure shortage while a low level of quality of life. The concern of the authorities for addressing these needs was a constant one, being integrated both in the 2007-2013 programming period and in the case of the current programming period. The financing sources used to finance the infrastructure and increase the quality of life were aimed at both European and national funds, namely the National Program for Local Development. Financing the infrastructure and quality of life is a very important and necessary step for stabilizing the population in the rural area as well as for supporting rural development. NRDP 2020 allocated for the financing of the rural infrastructure an amount of 1.348.283.578 euro, which represents the total allocation for the measures analyzed in the table below.

Table 3. Statement of the value of infrastructure projects on 18.04.2019

Measure	Value of projects submitted	Value of selected projects	Value of contracted projects	Payments made
7.2. - used water	726.335.354	476.597.571	428.241.715	192.663.219
7.2. - used water - ITI	13.204.837	11.729.437	11.729.437	2.339.132
7.2. road infrastructure of local interest	1.006.959.285	510.942.432	494.073.125	261.405.730
7.2. road infrastructure of local interest - ITI	26.749.861	24.700.601	24.700.601	5.737.551
7.2. - educational and social infrastructure	168.742.693	121.037.443	116.373.553	57.723.498
7.2. - educational and social infrastructure - ITI	2.961.530	1.792.188	1.792.188	754.866
7.6. - cultural heritage	304.396.659	211.735.295	207.524.700	91.441.417
7.6. - cultural heritage - iti	4.247.900	4.009.098	4.009.097	475.001

Source: Ministry of Agriculture and Rural Development

Analyzing the situation of the amounts contracted at the level of the rural infrastructure we can observe, except for the road infrastructure of local interest, much smaller differences between the values of the submitted projects, the selected values and those contracted. The complexity of an infrastructure project is high, especially given the lack of ownership structure, Romania having big problems in terms of cadastral design. To this is added the need for infrastructure in the rural area, which is very high because the Romanian rural area is deficient in infrastructure, regardless of its type. Despite the existence of an extremely large

need identified in the Romanian rural area, a need recognized by the strategic and programmatic framework, we can observe modest amounts within the NRDP, smaller than those that characterize the interest for the agricultural sector. For example, the wastewater infrastructure generated projects totalling 726.335.354 euro, of which 65,62% of amounts constituted amounts based on selected projects and 58,96% amounts based on contracted projects. The level of payments is 44% of the contracted amounts. For the road infrastructure of local interest, projects amounting to 1.006.959.285 euro were submitted, which is one of the most used needs by the beneficiaries. 510.942.432 euro represent the selected amounts and 494.073.125 euro represent the contracted amounts. Payments made until 18.04.2019 are 52,9% of the contracted amounts. Another important need for rural development refers to the educational infrastructure, which generates 168.774.693 euro projects, out of which 121.037.443 euro represent the amounts for the selected projects and 116.373.553 euro represent the contracted amounts. The level of payments is 49,6% of the value of the contracted amounts. The cultural heritage generated projects worth 304.396.659 euro, the selected projects having a total value of 211.735.295 euro and the contracted projects of 207.524.700 euro. The value of the payments to the beneficiaries on 18.04.2019 is 91.441.417 euro, representing 44.06% of the value of the contracted projects.

Table 4. Situation of the projects on 18.04.2019 – infrastructure

Measure	Number of projects submitted	Number of projects selected	Number of projects contracted
7.2. - used water	501	335	306
7.2. - used water - ITI	10	9	9
7.2. road infrastructure of local interest	975	489	480
7.2. road infrastructure of local interest - ITI	28	26	26
7.2. - educational and social infrastructure	444	325	314
7.2. - educational and social infrastructure - ITI	9	6	6
7.6. - cultural heritage	912	661	652
7.6. - cultural heritage - ITI	14	14	14

Source: Ministry of Agriculture and Rural Development

Analyzing the situation of the projects targeting the rural infrastructure we can see a distribution similar to the contracted values. The wastewater infrastructure generated 501 projects out of which 335 were selected and 306 contracted, with a success rate of 61,07%. A much lower success rate can be found in the case of road infrastructure of local interest, which is 49,23%. 975 projects were submitted out of which 489 projects were selected and 480 projects were contracted. The cultural heritage constituted a need addressed at the level of 912

projects out of which 661 were selected and 652 contracted. If the values and projects contracted for the implementation of the agricultural sector are taken into account, the difference between the selected projects and those contracted in the case of infrastructure is a small one, a situation that proves a much easier evaluation process, respectively an interest from the lower beneficiaries. It should be mentioned that the need is also well defined and the entities involved in the implementation process are extremely well defined by the legislation being public infrastructure.

7. Financing of non-agricultural activities through NRDP

The major dependence of the Romanian rural on the agricultural sector required the approach of the rural development processes from a perspective that gives priority to the non-agricultural activities. The diversification of the rural economy represents a strong need integrated at the NRDP level, this being the object of both the present programming period and the previous programming period. In the NRDP 2020, the need is addressed through a dedicated measure, namely 6.4. but also, through local action groups. The latter finance non-agricultural measures through specific procedures administered by entities in coordination and responsibility of local stakeholders. The table below presents the situation of absorption at the level of the measures aimed at diversifying the rural economy and non-agricultural activities.

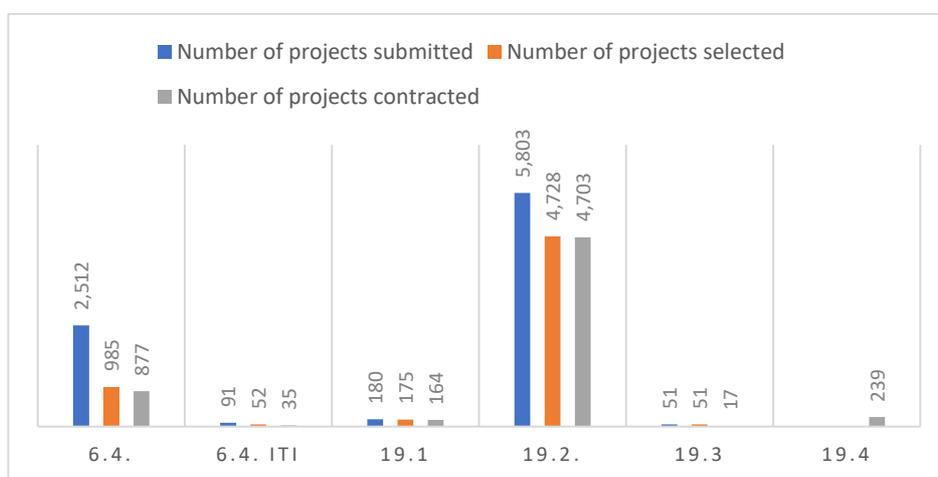
Table 5. Statement of the value of projects for non-agricultural activities on 18.04.2019

Measure	Value of projects submitted	Value of selected projects	Value of contracted projects	Payments made
6.4.	423.635.360	162.489.275	145.575.603	54.106.972
6.4. ITI	17.180.257	9.928.026	6.545.192	582.244
19.1	2.435.307	2.379.233	2.224.725	1.975.015
19.2.	328.587.932	276.824.090	275.610.440	98.748.663
19.3	173.297	173.297	60.993	0

Source: Ministry of Agriculture and Rural Development

The diversification of the rural economy is an imperative process necessary for rural development, especially in the conditions in which technological progress facilitates this process. The 2014-2020 programming period has integrated this need into the NRDP, with funding coming from several measures. The main measure that finances the diversification process of the rural economy is 6.4, this financing both the creation and the development of non-agricultural activities. The interest for these activities is a consistent one, when the projects amounting to 423.635.360 euro were submitted, 254% higher than the initial allocation. The selected value was 162.489.275 euro and the contracted value of 145.575.603 euro. The success rate under this measure was a relatively small one, respectively

34,36%. As for the payments made to the beneficiaries, they amounted to 54.106.972 euro, representing 37,16% of the contracted value. Another measure of the maximum importance for the diversification of the rural economy concerns the local development strategies, these being implemented through the local action groups. This measure is taken over from the previous programming period, subsequently extended to other operational programs such as the Human Capital Operational Program. The values allocated for these types of measures are lower so that the values of the projects are much lower. Its importance derives from the valorisation of local actors who are free to finance their investment objectives if they are in line with local development strategies. Within the measure 19.1. projects worth 2.435.307 euro were submitted, out of which 2.379.233 euro were selected and contracted amounts of 2.224.725 euro. The beneficiaries who submitted projects in accordance with the local development strategies generated projects worth 328.587.932 euro out of which 275.610.440 euro were contracted. The technical assistance for the local action groups generated projects amounting to 173.297 euro, out of which 60.993 euro projects were contracted.



Graph 3. The situation of the projects on 18.04.2019 - rural development

Source: Ministry of Agriculture and Rural Development

Analyzing the situation of the number of projects submitted within the main measures aimed at the diversification of the rural economy and non-agricultural activities we can observe significant differences from one measure to another. Within measure 6.4, this being one of the main measures financing the diversification of the rural economy, 2,512 projects were submitted, out of which 985 were selected and 877 contracted. Thus, we observe a 34,91% success rate. The situation in the case of the ITI instrument is approximately similar but it is related to the allocations related to it. 91 projects were submitted out of which 52 were selected and 35 were contracted. The local action groups benefited from preparatory support in 180 projects out of which 175 were selected and 164 were contracted. One of the most used measures, in terms of the number of projects, is

19.2. Although the allocation is not significant, the number of projects is very high compared to other measures. 5.803 projects were submitted out of which 4.728 were selected and 4.703 projects were contracted. Also, in case of measure 19.3, 51 projects were submitted which were both submitted and selected out of which only 17 were contracted and within the measure 19.4. 239 projects were contracted.

8. Conclusions

NRDP is a program different from the other operational programs implemented in Romania, an assertion based on a large number of needs that are covered and the integrated way of implementation respectively administration. NRDP is the largest investor in Romanian rural development and agriculture, being financed from European funds, representing part of the CAP. Its importance is very high, especially in the context in which Romania has made great institutional and legislative efforts to generate an institutional and strategic framework adapted to the CAP so that the absorption of the financial resources found at the NRDP level has been and still is a priority for Romania. The situation of the implementation process at the level of the program highlights an absorption that fits in the parameters mentioned in the performance framework. The absorption is considered to be one that does not entail risks of disengagement, this having an effective absorption rate of 48,28% on 01.11.2019. NRDP is one of the most performing operational programs from the 2014 - 2020 programming period implemented in Romania. However, the absorption structure tests different performances from one measure to another respectively from one need to another. Specifically, measures aimed at increasing the quality of life in rural areas, access to basic services in rural areas and rural infrastructure have benefited from a very high absorption rate. This exceeds in the case of certain measures 100%. At the same time, the diversification of the rural economy and the financing of non-agricultural activities are needs that have delivered an absorption of 97,41% relative to the contracting rate, also an absorption rate considered to be high. The situation of absorption concerning the rate of contracting at the level of measures aimed at the competitiveness and development of the agricultural sector is lower than in the case of the above-mentioned needs, but these are generally greater than 50% and do not exceed 100%.

The analysis of the NRDP implementation from the perspective of the beneficiaries shows a different interest in accessing the opportunities offered by NRDP. We can see that the agricultural sector is a need of great interest, a situation proven both by the values of the projects submitted and by the number of projects submitted. The competitiveness and development of the agricultural sector have delivered the highest number of projects but also the highest values managed by the management system for NRDP. The success rates at the level of the submitted projects are reduced based on a very large number of projects submitted, respectively selected. Measure 4.1. it had a success rate of 37%, the fruit program

34% and the marketing and processing of agricultural products 26%. Success rates for infrastructure serving the agricultural sector are higher than 50% in most cases. The situation is similar for project values, so for measure 4.1. were contracted values that represent about 29% of the value of the submitted projects, including in the case of the fruit program, and in the case of marketing and processing of agricultural products, their share was 25,81%. In the measures aimed at the agricultural sector, a total number of 38.596 projects were submitted out of which 20.677 were contracted. The wide area of beneficiaries, the structure of the need but also the specificity of the Romanian agriculture makes the measures related to the agricultural sector as the most requested and used at the level of the beneficiaries. Also, the large number of projects submitted and selected proves the existence of significant implementation capacity at the program level, which is extremely important for the success of the implementation process. The increase of the quality of life in the rural environment and the rural infrastructure represent financed needs that generated a total of 2.893 projects out of which 1.807 were contracted, ensuring a success rate of 62,46%. Road infrastructure is the most used type of infrastructure at the NRDP level. This need resulted in a smaller number of projects but also higher success rates compared to the measures aimed at the agricultural sector. 57% of the total value of the submitted projects were contracted. Non-agricultural activities represent a need that generated 8.637 projects, of which 5.803 were targeted at local action groups and a success rate of 81,04%. The value of the projects submitted is much lower than for other needs so that projects were submitted in the total value of 772.012.154 euro, of which 55,7% is the contracted value, respectively 430.016.953 euro. The interest of the beneficiaries is rather concentrated towards the agricultural sector and towards the diversification of the rural economy, the rural infrastructure being much less used at the level of the beneficiaries.

The level of payments relative to the contracted value differs from one measure to another, with the agricultural sector recording a fluctuating level of payments. The measures aimed at young farmers and small farms recorded a level of payments compared to the contracted value of 83,22% respectively 77,43% while investments in agricultural and fruit farms recorded a level of payments of 58,67% and respectively 22,88%. At the level of rural infrastructure, the level of payments is 47,54% with small fluctuations around this value, more specifically 44,99% in the case of wastewater infrastructure, 52,91% in the case of road infrastructure of local interest, 49,6% in the case of social and educational infrastructure. Also, the local development registered a level of payments against the total value of 34,46% in case of measure 6.4. and 35,8% respectively in the case of measure 19.2. The level of payments made in conjunction with the fact that we are 5 years from the beginning of the programming period is a consequence of a fluid management system, well correlated with the dynamics of NRDP implementation established at the program level, both in terms of the achieved results and the contracted amounts. NRDP is an operational program that benefits from an implementation process according to the programmatic parameters. The

measures financed by it are of interest to the beneficiaries, the level of contracting and payments is one that does not generate risks of loss of financial resources and the implementation process addresses indicators at the program level.

References

1. Ackrill, R. (2000). *The Common Agricultural Policy*, Sheffield UK, Sheffield Academic Press.
2. Andrei J.V. & Gheorghe P. (2014), *Economy in Romania and the Need for Optimization of Agricultural Production Structures*, Peter Lang GmbH, Frankfurt am Main, Germany.
3. Badea L, Mieila, M. (2008). The economic efficiency of field crops cultivation in south Romania: trends and actions for improvement, *Annales Universitatis Apulensis Series Oeconomica*, 1(10):328:326.
4. Bougherara, D., Latruffe, L. (2010). Potential imCAPt of the EU 2003 CAP reform on land idling decisions of French landowners: results from a survey of intentions. *Land Use Policy* 27, 1153-1159.
5. Brady, M., Kellermann, K., Sahrbacher, C., Jelinek, L., (2009). ImCAPts of decoupled agricultural support on farm structure, biodiversity and landscape mosaic: some EU results. *J. Agric. Econ.* 60, 563-585.
6. DG Agriculture & Rural Development (2014), *CAP transparency in the perspective of 2020*, Brussels.
7. Hart, K., Baldock, D., Weingarten, P., Osterburg, B., Povellato, A., Vanni, F., Pirzio-Biroli, C., Boyes, A. (2011), *What Tools for the European Agricultural Policy to Encourage the Provision of Public Goods*, European Parliament, Directorate General for Internal Policies Policy Department B: Structural And Cohesion Policies, Brussels.
8. Jean Vasile Andrei, Mirela Panait, Alexandra Alecu, (2015), *Transformations of european agricultural sector, market and model under the influence of common agricultural policy*.
9. Lucian Luca, Cristian Ghinea, (2009), *O țară și două agriculturi – România și reforma Politicii Agricole Comune a UE*, Policy Memo nr 4.
10. Petar Kurecic, Mirela Segovic, (2016), *The common agricultural policy of the european union with a special focus on agriculture in the new eu member states; 17th International Scientific Conference on Economic and Social Development –“Managerial Issues in Modern Business” – Warsaw, Poland*.
11. Ungureanu, A., (2015), *The importance of Romanian mountain tourism for the national economy*, *Economics of Agriculture*, 62, (3):849-868.
12. Winter, M. & Fry, C. & Carruthers, S. P. (2008). *European agricultural policy and future of environmental welfare*, Amsterdam, Elsevier Press.
13. Zahrnt, V., (2015), *Public Money for Public Goods: Winners and Losers from CAP Reform*, ECIPE Working Papers nr. 8.