The Management of the European Agricultural Fund for Rural Development during 2014 - 2018

Laura-Delia ANGHELUȚĂ[1]
Florin Marian BUHOCIU[2]
Silvius STANCIU[3]

Abstract

Rural development, part of the Common Agricultural Policy, is a European Union priority funded by the European Agricultural Fund for Rural Development (EAFRD). The financial allocation for the current 2014-2020 EAFRD programming period was not much higher than in the previous 2007-2013 period, and the adjustments that the multiannual financial framework entailed led to the lowest remaining commitments in the EU budget compared to the rest of the European Structural and Investment Funds.

The study focuses on the use of the budget allocated to the EAFRD by the European Commission and the way in which the funds were managed in the 2014-2018 period. Thus, the research involved an analysis of the management and execution of commitment appropriations and payment appropriations for each year analysed at EU level, as well as the results obtained by Romania during this period. At the same time, the analysis followed the evolution of the absorption rate of the rural development programme at the Romanian level every year, comparatively analysed to the EU level.

Keywords: *rural development, absorption capacity.*

JEL classification: O18, R11, O19
DOI: 10.24818/RMCI.2020.4.562

1. Introduction

The interest in rural development has become increasingly intense in recent years, given, on the one hand, the complexity of the difficulties the rural environment is facing, but also, on the other hand, the opportunities it offers. The Common Agricultural Policy (CAP), together with Cohesion Policy and the Common Fisheries Policy, has a major impact on the EU budget, while also helping to achieve the objectives of the Europe 2020 Strategy by promoting sustainable rural development in the European Union.

Achieving the strategic objectives for "smart, sustainable and inclusive growth" is achieved through six priorities for rural development, namely: knowledge transfer and innovation; increasing competitiveness by promoting innovative

[1] Laura-Delia Angheluță, “Dunarea de Jos” University of Galati, anghelutald@yahoo.com
[2] Florin Marian Buhociu, “Dunarea de Jos” University of Galati, Florin.Buhociu@ugal.ro
[3] Silvius Stanciu, “Dunarea de Jos” University of Galati, silvius.stanciu@ugal.ro

technologies and sustainable protection of the forest fund; supporting the organization of the food circuit (from processing to marketing of products) and risk management in agriculture; conservation and protection of agricultural and forestry ecosystems; resource efficiency for the transition to a climate-resilient low-carbon economy; supporting social inclusion, poverty reduction and the economic development of rural areas. All these priorities should be applied horizontally in line with the European Union's other rural development priorities.

The Common Agricultural Policy has a number of tools:

- ✓ income support through direct payments - which provides income stability and remunerates farmers who protect the environment;
- ✓ market measures to respond to difficult situations;
- ✓ rural development measures, involving national/regional programmes in accordance with the needs and challenges of rural areas.

European funds are an important means of developing and differentiating rural areas, and their absorption is a major asset that Member States can have for the benefit of citizens.

CAP funding has been provided over time from a single fund - the European Agricultural Guidance and Guarantee Fund (EAGGF), which was replaced on January 1st 2007 by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

Following the "Agenda 2000" reform, rural development policy was introduced as the "second pillar" of the Common Agricultural Policy, being co-funded by the European Agricultural Fund for Rural Development and regional or national funds.

Harmonization and adjustment of the rules on the management and control of the two pillars of the Common Agricultural Policy, the European Agricultural Guarantee Fund (pillar I) and the European Agricultural Fund for Rural Development are essential along with the need to maintain existing structures responsible for implementing rural development programmes, in the Member States. The two funds are in the budget of the European Union, with allocations and payments managed by each Member State.

The reforms that the Common Agricultural Policy has undergone since its adoption (1962) have involved the EU budget, but the share of agricultural spending is steadily declining. Thus, if in the early 1980s, 66% of the EU budget was for the CAP, in the current period 2014-2020, spending represents only 37.8% of the EU budget (Massot A, 2020).

Regarding the multiannual financial framework 2014-2020 for the EAFRD, the Commission approved, between December 2014 and December 2015, all 118 rural development programmes proposed by the 28 Member States. Of these, twenty have a single national programme and eight Member States have decided to use several area-specific programmes (90).

The Union's 2020 budget provides for a total of 168.68 billion EUR, of which direct payments represent 24% of appropriations (40.6 billion EUR), rural development measures 8.7% (14.6 billion EUR) and other expenditure 1.7%. In total, 34.5% of the Union budget is allocated to the CAP in 2020 (58.12 billion EUR).

According to the latest financial report of the European Commission for 2018, the expenditure related to the first pillar (44.3 billion EUR) accounted for 93.5% (41.5 billion EUR) of direct aid to farmers, while other interventions on the market (promotion and information, specific programmes in schools) accounted for 6.1% of expenditures (2.7 billion EUR). The main beneficiaries of the CAP are France (16.9%), Spain (12.1%) and Germany (10.8%), but in terms of EAFRD the largest beneficiaries of actual payments, in the 2018 budget year, were France (14.1%) and Romania (9.4%).

2. Study material and method

The paper is based on a series of reports and studies of the European institutions with responsibilities in the field of management and control of European funds, but also on the available information of the competent national structures on rural development and the management of European structural and investment funds.

Data on the Common Agricultural Policy and the funds underlying its financing have been processed from the official websites of the European Commission (www.ec.europa.eu), the European Parliament (www.europarl.europa), the Council of the European Union (www.consilium.europa.eu) and the European Court of Auditors (www.eca.europa.eu). Other information was also obtained from the websites of the ministries with responsibilities in the field - Ministry of Agriculture and Rural Development (www.madr.ro), Ministry of European Funds (www.mfe.gov.ro or www.fonduri-ue.ro), but also of the European Network for Rural Development (www.enrd.ec.europa.eu) and of the National Rural Development Programme (www.pndr.ro). At the same time, the analysis was based on EU funding regulations (www.eur-lex.europa.eu).

3. Results and discussions

The Multiannual Financial Framework (MFF) is the EU's long-term budget, and is also a mechanism for associating EU spending with its political priorities to ensure budgetary discipline and the annual adoption of the EU budget, adding to the predictability of Union finances. Its applicability is achieved by setting spending limits for a period of at least five years, but in recent years, MFFs have been adopted for a period of seven years.

The multiannual financial framework sets the maximum amounts - limits / ceilings, for each major area of expenditure - heading, of the Union budget, so that each year the European Parliament and the Council, as the "budgetary authority", can set the budget for the following year, jointly. The EU Council adopted Regulation 11791/7/2013, which sets out the multiannual financial framework for the period 2014-2020 whereby the EU can spend approx. 960 billion EUR in commitments and over 908 billion EUR in payments over the seven years. The values are lower than those related to MFF 2007-2013 by 3.5%, respectively, by 3.7%.

Decisions taken by Parliament and the Council on annual expenditure and revenue must fall within the annual expenditure ceilings set by the multiannual financial framework, negotiated every seven years.

The budget offers a certain degree of flexibility, in order to be able to respond to unforeseen needs that may arise (e.g. crises and emergencies), but also to changing circumstances.

Budget commitments should be made by the EU once a year to ensure effective management of the programmes, and it is also important to establish common pre-funding rules, interim or final payment claims without changing the specific rules for each ESI fund.

The pre-funding payment at the beginning of the programmes provides an additional guarantee to the beneficiaries of the programme that the Member State has the means to guarantee the existence of the funds and that they can receive advances to start investments and reimbursements can be made quickly once payment applications are submitted.

In order to encourage financial discipline, in addition to other rules, the methods for decommitting any part of the budgetary commitment for a programme should be defined, in the context of real circumstances independent of the affected party that have led to non-fulfilment of commitments.

Every year, the European Commission draws up a report on the use of the European Agricultural Fund for Rural Development, which is brought to the attention of the two decision-making structures on the EU budget (the European Parliament and the Council). It is based on the reports of the Member States which are required to submit to the Commission by 30 June of each year an annual report on the implementation of the previous year's rural development programmes (Article 50 of Regulation (EU) No 1303/2013 laying down common provisions to all ESI Funds and Article 75 of Regulation (EU) No 1305/2013 on support for rural development by the EAFRD).

Following the reports analysed in 2014-2018 and the official documents published by the European Commission and other competent structures, there is a change in the multiannual financial framework in terms of transfers between rural development and market expenditure and direct aid.

The Regulation on the Multiannual Financial Framework 2014-2020 has been revised twice. In 2015, the first change took place as a result of delays in the adoption of EU programmes that are jointly managed by the Commission and the Member States, with unused amounts being carried over to subsequent years. This amendment was made in accordance with Commission Implementing Regulation (EU) 2015/141 of 29 January 2015 amending the Implementing Regulation (EU) No 1095/2010. 367/2014 establishing the net balance available for EAGF expenditure.

The second revision took place after the mandatory evaluation from the middle of the period of the multiannual financial framework, in 2017, so in table no. 1 the MFF is presented as a result of the review which included transfers of funds between the EAGF and the EAFRD for the financial years 2014-2015, but also a net transfer to rural development of 4.313,9 million EUR for the financial years 2015-2020.

Table 1. Multiannual Financial Framework 2014-2020

Conservation and management of natural resources	million EUR; current prices						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TOTAL, of which:	49,857	64,692	64,262	60,191	60,267	60,344	60,421
✓ rural development	5,299	18,184	18,168	14,371	14,381	14,691	14,709
✓ market expenses and direct aids	43,778	44,190	43,950	44,146	44,162	44,880	44,887

Source: information processed from several sources

The budgets related to the analyzed period, 2014-2018, did not provide commitment appropriations for the allocations related to the financial period 2007-2013, given the fact that the respective funding period has ended. Thus, the budget projections were based, for the scheduled period 2007-2013, only payment appropriations until 2017.

Regarding the execution of the budgets for the period 2007-2013, the situation was analyzed in the light of the approved annual budget and the corrections, but also of the payment appropriations available and used. The situation for the years 2014-2017 is presented in table no. 2.

Table 2. Management and execution of payment appropriations (2007-2013)

- EUR -

Budget item	2014	2015	2016	2017
Approved budget				
Rural development programmes	10,329,896,149	5,890,339,551	3,235,000,000	1,280,000,000
Rectified budget				
Rural development programmes	10,329,896,149	5,890,339,551	3,235,000,000	500,000
Payment credits available				
Rural development programmes	11,016,194,095	6,486,996,064	4,507,904,290	413,787,582
Payment credits used				
Rural development programmes	10,947,350,314	6,464,298,560	4,495,770,025	43,121,731

Source: information processed from European Commission Reports 2016-2019

The differences between the payment appropriations initially approved in the annual budgets and the available payment appropriations were the result of the assigned revenue carried over from previous years, of the assigned revenue collected, of the transfers from rural development programmes for the period 2014-2020, of the technical assistance for programmes and transfers for urgent needs.

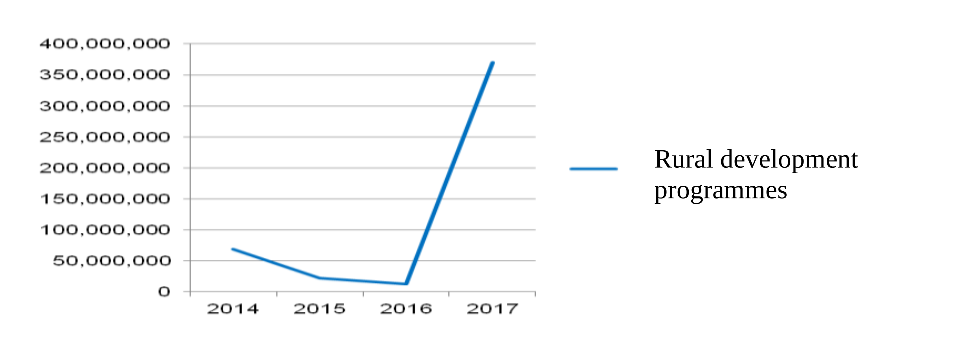

Figure 1. Evolution of unused payment appropriations (Eur)

Source: Authors, by using European Commission Reports 2016-2019

The unused payment appropriations at the end of one year were carried over to the next year's budget, constituting revenue for the EU budget.

Regarding the application of the N + 2 rule, for the financial period 2007-2013, it attracted a number of decommitments covering the years 2008-2013, the situation being presented in table 3:

Table 3. Decommitments (2014-2017), EUR

	2014	**2015**	**2016**	**2017**
Annual value of decommitments	171.7	410.4	1,722	1,867

Source: Authors, by using European Commission Reports 2016-2019

Regulation (EU) no. Regulation (EC) No 1305/2013 on support for rural development from the European Agricultural Fund for Rural Development (EAFRD) provides that up to 0.25% of the annual allocation may be used to support technical assistance actions for the implementation of rural development policy, especially the costs of operating the European Network for Rural Development and the European Innovation Partnership. For the implementation of the rural development programmes, related to the financial period 2007-2013, in the 2014 budget payment appropriations were approved for technical assistance amounting to 6,433,956 EUR, their execution, amounting to 5,076,010 EUR, being made for:

- ✓ European Network for Rural Development (ENRD) 2,333,316 EUR
- ✓ European Innovation Partnership (EIP) 988,626 EUR
- ✓ European evaluation network 21,426 EUR
- ✓ Information technology 1,424,401 EUR
- ✓ Events 308,241 EUR

Given that 2013 was the last year in which commitments were made, the execution rate is equal to the absorption rate (% of EAFRD payments compared to the allocations for the period 2007-2013). During the analyzed period, the evolution of the absorption rate increased steadily in the Member States, with Austria and Latvia accounting for 100% of the use of funds. Also, for Member States whose programmes did not end by 31.12.2017, the rate was limited to 95%. Regarding Romania, it was below the EU annual average, the absorption rate for each year analyzed being presented in the following graph:

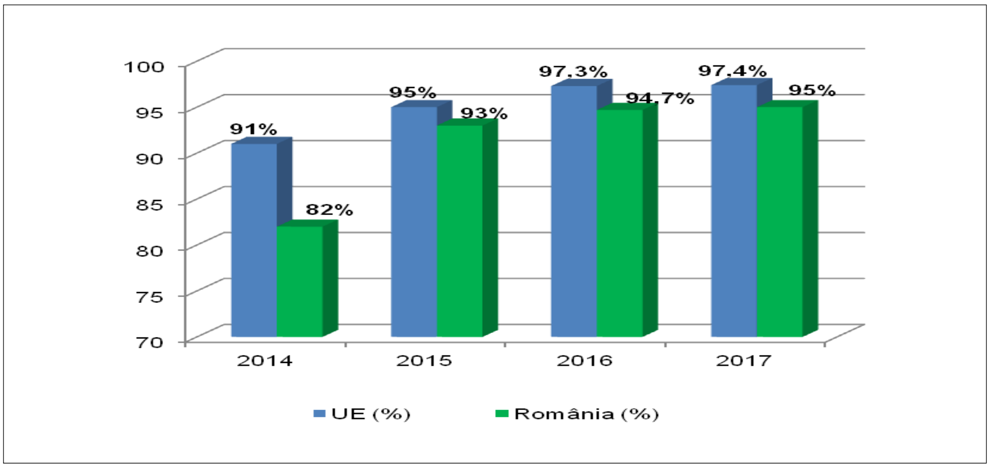

Figure 2. Romania's absorption rate compared to the EU average
Source: Authors contribution, by using European Commission Reports (2016-2019)

At the same time, in the case of Romania, the National Rural Development Plan 2007-2013 underwent XVI amendments, most aiming at reductions in allocations to measures that provided a considerable national contribution and an increase in allocations to measures where national funds were minimal. This added to Romania's image because it increased the absorption rate, but decreased the budget of the Programme by 647.3 million EUR, funds that should have been found in development projects, especially those aimed at the food industry and non-agricultural activities. The majority of the amounts were redistributed to measures aimed at "green payments" leading to an increase in the payment ceiling by 55.3% (3,165.7 million EUR compared to 2,492 million EUR) according to the latest version of the NRDP compared to its initial version (Goșa V. et al., 2019).

Regarding the current funding period 2014-2020, the predicted budget provides amounts from EAFRD for rural development programmes and technical assistance, the implementation of which takes into account both commitment and payment appropriations. It is also worth mentioning that in the current period, Romania has allocated less funds to NPRD funding (by 529.2 million EUR) due to the decrease of the national budget contribution as a result of the increase of the values intended for “green payments” (table 4). Thus, Romania ranks amongst the last in terms of national financial effort related to rural development measures (Goșa V. et al., 2019).

Table 4. Management and execution of payment appropriations (2014-2018)

- thousands of EUR -

Budget item	2014	2015	2016	2017*	2018*
Approved / rectified budget - commitment appropriations					
Rural development programmes	13,970,049.06	13,796,873.68	18,650,559.49	14,337,026.70	14,346,899.51
	13,970,049.06	18,149,536.73	18,650,559.49	14,337,026.70	14,346,899.51
Technical assistance	17,222.00	22,292.40	21,363.00	23,432.00	25,459.00
	17,222.00	15,792.40	21,363.00	21,932.00	24,759.00
Execution of commitment appropriations (available / used)					
Rural development programmes	13,970,049.06	20,119,632.03	18,650,559.49	14,337,026.70	14,346,899.51
	3,294,627.70	20,119,632.03	18,649,599.49	14,337,026.70	14,346,899.51
Technical assistance	17,222.00	15,792.40	21,363.00	21,932.00	24,759.00
	11,869.02	12,520.49	21,992.63	13,177.35	19,634.74
Approved / rectified budget - payment appropriations					
Rural development programmes	1,267,275.42	5,252,192.42	8,487,000.00	9,902,000.00	11,822,000.00
	1,247,275.42	5,252,192.42	8,487,000.00	9,902,000.00	11,822,000.00
Technical assistance	7,748.50	19,770.99	20,025.44	23,932.44	25,726.09
	7,748.50	19,770.99	20,025.44	23,932.44	25,726.09
Execution of payment appropriations (available / used)					
Rural development programmes	224,995.40	5,252,192.42	8,487,000.00	11,069,882.25	12,189,544.51
	224,989.89	5,252,192.42	7,809,874.93	11,051,784.09	12,173,540.69
Technical assistance	7,748.50	19,770.97	20,025.44	23,932.44	25,726.09
	3,335.49	8,786.68	12,813.82	14,539.94	13,180.71

Source: information processed from European Commission reports 2016-2019

There is a big difference between commitment and payment appropriations, especially in 2014, their non-use according to the approved budget was due to the late adoption by Member States of new national/regional rural development programmes. Part of the surplus was transferred to previous 2007-2013 programmes, and part was included in the transfer at the end of 2014 or in the amending budget.

Regarding the amounts allocated for technical assistance, until 2016 the values were provided globally, from 2016 they were broken down into operational and non-operational. The destination of the amounts was the same as in the period 2007-2013, for ENRD, EIP, information technology to which audits and controls were added, the database on organic farming, the technical assistance platform for financial instruments, etc. The significant difference between the payment appropriations in the approved budget for 2017 and those used is due to the available assigned revenue collected during the year (14 million EUR), the consolidation by transferring amounts from technical assistance (3 million EUR) and values from 2007-2013 EAFRD (583.2 million EUR), as well as transfers at the end of the period (567.66 million EUR). Thus, based on all transfers, the amount of payment appropriations that were available in 2017 was 11,069.88 million EUR, and those used amounted to 11,051.78 million EUR. As a result, the value of revenues carried forward for 2018 was 18.09 million EUR.

The situation was also similar for 2018 when the value of approved payment appropriations was lower than those used, these increasing by revenue transfers from EAFRD 2007-2013 (119.05 million EUR) or from the technical assistance line (4 million EUR), global transfer at the end of the period (214 million EUR), but also with assigned revenue carried over from the previous year (18.09 million EUR) and revenue collected in the current year (12.40 million EUR). At the end of the year, the value of revenues carried forward for 2019 was 16 million EUR.

From a graphic point of view, the situation regarding the funding of rural development programmes from the EAFRD, related to the financial period 2014-2020, is presented in figure 3.

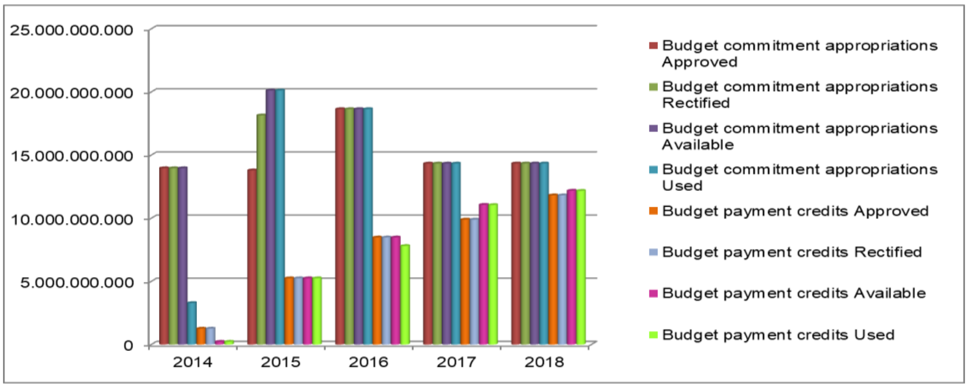

Figure 3. Execution of rural development programs

Source: Authors contribution, by using European Commission Reports (2016-2019)

Regarding the absorption of funds by Member States, this was different in 2014 in the context in which not all national rural development programmes were approved and only six states requested pre-funding from the EAFRD. The situation regarding payments made to Member States in the financial period 2014-2020 has generally seen an upward trend for each country, table no. 5 being edifying in this respect.

Table 5. EAFRD payments in the period 2014-2018 (EUR)

S.M.	2014	2015	2016	2017	2018
Austria	39,375,520	420,737,424	433,952,101	478,470,408	512,804,158
Belgium	0	73,911,803	45,981,029	37,131,717	69,095,529
Bulgaria	0	47,334,339	152,727,213	194,514,062	205,683,318
Czech Rep.	0	233,735,344	204,939,559	259,351,803	324,647,223
Cyprus	0	3,967,331	8,500,142	14,573,450	14,530,171
Croatia	0	94,859,683	151,306,384	150,173,479	206,150,392
Denmark	6,294,007	7,998,168	89,905,110	99,878,000	89,687,155
Estonia	0	47,509,747	96,134,846	99,413,291	128,104,065
Finland	23,596,993	406,529,902	350,987,012	319,207,655	351,787,931
France	0	573,058,924	638,405,812	1,753,707,994	1,725,048,512
Germany	15,994,705	441,740,417	741,448,545	950,952,706	1,117,668,890
Greece	0	141,548,754	275,021,867	708,045,934	579,944,832
Ireland	0	381,900,343	275,728,714	254,572,032	318,709,149
Italy	0	216,466,483	523,992,549	790,272,508	1,045,757,040
Latvia	0	74,851,240	119,589,076	162,496,969	192,664,101
Lithuania	0	70,675,988	190,088,212	253,974,006	219,471,201
Luxembourg	0	14,221,132	7,361,586	8,863,575	14,530,735
Malta	0	1,946,538	1,562,726	2,170,973	9,391,195
UK	0	577,255,447	701,916,960	537,774,629	580,998,528
Netherlands	0	39,767,761	45,262,379	57,613,814	80,672,378
Poland	85,982,808	260,343,673	451,813,122	573,604,590	944,569,722
Portugal	53,745,852	274,295,171	577,546,557	524,233,177	503,033,323
Romania	0	243,839,892	605,297,063	1,569,168,715	1,146,152,415
Slovakia	0	92,572,808	121,567,349	167,863,196	200,196,868
Slovenia	0	46,690,492	85,639,035	80,253,608	110,943,349
Spain	0	220,185,382	461,564,178	702,633,093	899,726,086
Sweden	0	175,634,948	208,861,025	104,276,200	195,642,880
Hungary	0	68,613,290	242,774,769	196,592,509	385,929,544
TOTAL	**224,989,885**	**5,252,192,424**	**7,809,874,920**	**11,051,784,093**	**12,173,540,690**

Source: information processed from European Commission reports 2016-2019

Payments increased significantly in 2017 compared to 2016, in the context in which in 2016 the figures also include the last pre-funding instalment paid for the implementation of the 2014-2020 programs.

As a percentage, the situation regarding the payments made by the European Commission to each Member State out of the total funds allocated in the period 2014-2018 is presented in figure 4.

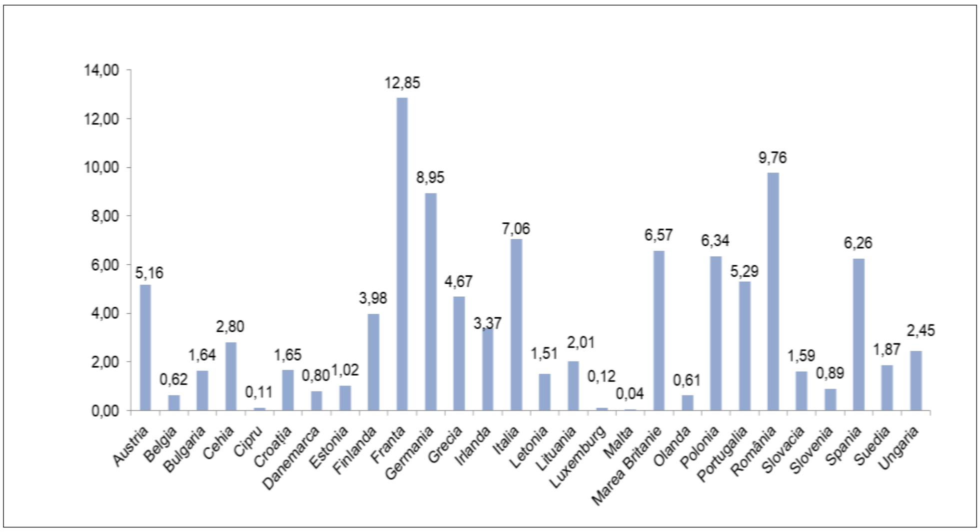

Figure 4. Share of payments from total EAFRD funds

Source: Authors contribution, by using European Commission Reports (2016-2019)

The European Commission approved Romania's National Rural Development Programme (NRDP) by Implementing Decision no. 3508/05.26.2015. Thus, Romania, for the period 2014-2020 has a financial allocation for rural development amounting to 8.015.663.402 EUR, broken down each year as is presented in table 6:

Table 6. Romania's financial allocation for NRDP (2014-2020) (EUR)

	2014	**2015**	**2016**	**2017**
Romania	1,149,848,554	1,148,336,385	1,146,793,135	1,145,218,149
TOTAL EU	13,618,149,060	13,618,658,677	13,619,178,488	13,619,708,697
	2018	**2019**	**2020**	
Romania	1,143,614,381	1,141,925,604	1,139,927,194	
Total UE	13,620,249,509	13,620,801,137	13,621,363,797	

Source: Regulation (EU) no. 1305/2013 on support for rural development provided by the EAFRD and repealing Regulation (EC) no. 1698/2005 of the Council

NPRD is funding in Romania 19 measures that aim at the strategic development of the rural area:

- ✓ Measure 01 – Knowledge transfer and information actions;
- ✓ Measure 02 – Advisory services, farm management and farm relief services;
- ✓ Measure 04 – Investments in physical assets;
- ✓ Measure 06 – Farm and business development;

- ✓ Measure 07 – Basic services and village renewal in rural areas;
- ✓ Measure 08 – Investments in forest area development and improvement of the viability of forests;
- ✓ Measure 09 – Setting-up of producer groups and organisations;
- ✓ Measure 10 – Agri-environment-climate;
- ✓ Measure 11 – Organic farming;
- ✓ Measure 13 – Payments to areas facing natural or other specific constraints;
- ✓ Measure 15 – Forest environmental and climate services and forest conservation;
- ✓ Measure 16 – Co-operation;
- ✓ Measure 17 – Risk management;
- ✓ Measure 19 – LEADER local development.

The measures proposed by the Romanian state respond to the national and European strategic objectives, the priorities set for their achievement being found in the intervention categories that will be funded:

Objective 1: Restructuring and sustainable growth of agricultural farms: establishment and modernization of farm facilities including access roads; investments in the production and marketing of products, including investments in energy efficiency, storage, standardization and marketing; aid for farm restructuring and support for young farmers; prevention and management of agri-food risks; counseling and training.

Objective 2: Managing natural resources and combating climate change: compensatory payments granted to farmers who voluntarily adopt agri-environmental measures, methods and practices specific to organic farming, continuing to work in areas with natural or specific constraints; afforestation of land, including forest belts on agricultural and non-agricultural land.

Objective 3: Diversification of economic activities, job creation, optimization of infrastructure and services to increase the quality of life in rural areas: investments for SMEs in rural areas; development of local infrastructure (municipal, educational, social and medical); supporting local strategies and integrated territorial investments in rural areas; restructuring and conservation of cultural heritage.

Romania's National Development Programme has undergone several adjustments, the last approved version (number 10) being published on May 4, 2020. The analysis of the indicators calculated for 2018 was based on the Programme 9.0 version, approved by the Implementing Decision no. 8660/December 2018 of the Commission approving the amendment of the NPRD of Romania.

From the data presented above, it can be seen that Romania is the second country in terms of payments made by the EU, with France in first place. The following Member States have received amounts over 1 billion EUR: Germany, Italy, UK, Poland, Spain, Portugal, Austria, Greece, Finland, Ireland and the Czech Republic.

However, according to the European Commission's Twelfth Report on the EAFRD for the financial year 2018, the absorption rate of rural development programmes for the period 2014-2020 at Member State level, calculated as a percentage of EAFRD payments, compared to the allocations in the current financial year is presented in figure no. 5.

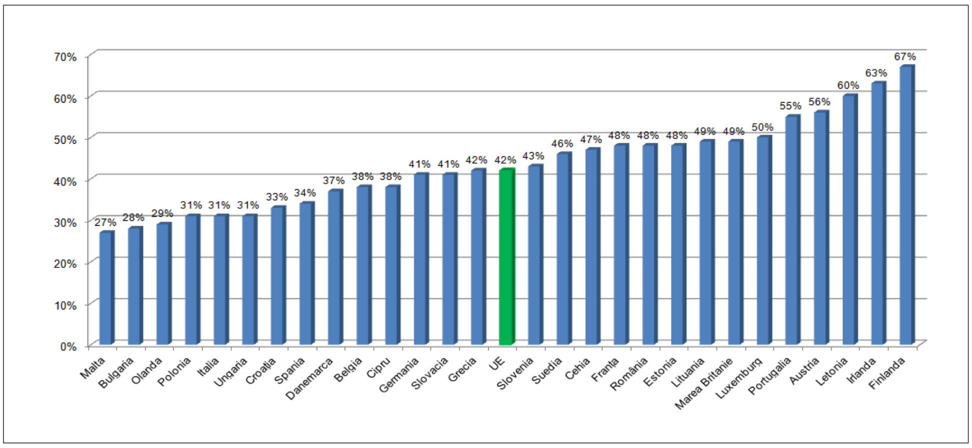

Figure 5. Absorption rate per Member State for rural development programmes 2014-2020

Source: Authors contribution, by using European Commission Reports (2016-2019)

As can be seen, at the end of 2018, Romania had an absorption rate of 48%, above the EU average which was 42%.

According to the Annual Implementation Report for NPRD 2014-2020 of Romania for 2018, the total expenditure incurred were 1,765,875,387 EUR. The analysis of the report shows a high efficiency, respectively, payments higher than 50% of the allocated budget for measures M6, M7, M13 and M14. Also, an average efficiency (payments between 30-50% of the allocated budget) is found in the case of measures M4, M10, M11 and M19.

According to the analyzed data, Romania recovers the delay in the application of the NRDP, the changes brought to the Programme aiming at relaxing the access conditions, revising and simplifying the procedures for implementing the measures.

4. Conclusions

The European Union's support to the Member States in supporting and developing rural areas is particularly important in reducing economic and social disparities between regions. EAFRD funds allocated to rural development in the period 2007-2013 have been a key support for the new Member States that have benefited from the European Structural and Investment Funds (ESI).

The 97.4% absorption rate of EAFRD for rural development programmes at EU level, reveals, in principle, the need for resources for rural development, but does not demonstrate the impact they have had at the level of each Member State.

For rural development programmes for the period 2007-2013, the decrease in payment appropriations in 2014 compared to 2017 was also due to the closure of the implementation period, but also to decommitments for 2008-2013 due to the non-completion of programmes in some Member States.

Romania is a net beneficiary of European funds and support for investment projects is essential, leading to job creation in rural areas, reducing poverty and social exclusion. The distribution of funds for "green payments" should not become a practice, but instead the support for the food industry and non-agricultural activities as well as rural infrastructure with funds that really contribute to rural development. The current financial period, although started late, demonstrates its attractiveness, the degree of absorption proving its necessity, but also the fact that there are projects that need to be implemented as soon as possible.

Annual budgets at EU level have not fluctuated in terms of commitment appropriations, but in terms of payment appropriations the differences between those initially approved and those available were based on a number of transfers and assigned revenue collected or carried over from previous years. Effective management of funds would thus lead to better absorption of them and a reduction in decommitments or transfers of projects from one financial period to another.

References

1. Goșa, V. Feher, A. Raicov, M. Băneș, A. & Otiman, P.I., 2019. Absorption of European funds - priority for Romani. Agricultural markets and rural areas in the context of modernization and simplification of the common agricultural policy. p. 432-454. Romanian Academy Publishing House.;
2. European Commission (2016). 8th Financial Report from the Commission to the European Parliament and the Council on the European Agricultural Fund for Rural Development (EAFRD) financial year 2014. Available at: https:// eur-lex.europa.eu [accessed 6.05.2020];
3. European Commission (2016). 9th Financial Report from the Commission to the European Parliament and the Council on the European Agricultural Fund for Rural Development (EAFRD) financial year 2015. Available at: https:// eur-lex.europa.eu [accessed 6.05.2020];
4. European Commission (2017). Tenth Financial Report from the Commission to the European Parliament and the Council on the European Agricultural Fund for Rural Development (EAFRD) financial year 2016. Available at: https:// eur-lex.europa.eu [accessed 6.05.2020];
5. European Commission (2018). Eleventh Financial Report from the Commission to the European Parliament and the Council on the European Agricultural Fund for Rural Development (EAFRD) financial year 2017. Available at: https:// eur-lex.europa.eu [accessed 6.05.2020];
6. European Commission (2019). Twelfth Financial Report from the Commission to the European Parliament and the Council on the European Agricultural Fund for Rural

Development (EAFRD) financial year 2018. Available at: https://eur-lex.europa.eu [accessed 6.05.2020];
7. Ministry of Agriculture and Rural Development (2019). Annual report on the implementation of the National Rural Development Programme for the period 2014-2020. Available at: https://www.pndr.ro/implementare-pndr-2014-2020 [accessed 15.05.2020];
8. European Court of Auditors (2019). Quick case study Outstanding commitments from the EU budget - a closer look. Available at: https://www.eca.europa.eu [accessed 10.05.2020];
9. European Commission. Available at: https://ec.europa.eu [accessed 5.05.2020];
10. Massot. A, European Common Agricultural Policy (CAP) and European Parliament Treaty, European Parliament. Available at:http://www.europarl. europa.eu [accessed 8.05.2020];
11. European Network for Rural Development. Available at: https:// enrd.ec.europa.eu [accessed 10.05.2020];
12. Ministry of Agriculture and Rural Development. Available at: http://www.madr.ro [accessed 12.05.2020];
13. National Rural Development Programme 2014-2020. Available at: http://www.pndr.ro [accessed 12.05.2020];
14. Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006. Available at: https://eur-lex.europa.eu [accessed 11.05.2020];
15. Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005. Available at: https://eur-lex.europa.eu [accessed 13.05.2020];
16. Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions. Available at: https://eur-lex.europa.eu [accessed 13.05.2020];
17. Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78. (EC) No 165/94. (EC) No 2799/98. (EC) No 814/2000. (EC) No 1290/2005. (EC) No 485/2008. Available at: https://eur-lex.europa.eu [accessed 14.05.2020];
18. Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December 2013 laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013of the European Parliament and of the Council as regards their application in the year 2014. Available at: https://eur-lex.europa.eu [accessed 14.05.2020].