

## **STUDIES REGARDING THE ABSORPTION OF THE FUNDS GRANTED WITHIN THE NATIONAL RURAL DEVELOPMENT PROGRAMME "SUPPORTING SEMI-SUBSISTENCE FARMS" IN THE OLT COUNTY**

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### **ABSTRACT**

*The PNDR (the National Rural Development Programme) is a complex programme designed by the representatives of the Ministry of Agriculture and Rural Development after consultations with representatives of various organisms, organizations and social partners in this field, and which has been approved by the European Commission after several rounds of negotiations.*

*The PNDR is a set of measures intended to support agricultural development in Romania, aiming at sustaining a developed, more efficient agriculture, and especially at supporting the passage from a fragmented, unprofitable agriculture, to a modern one.*

*Measure 141 "Supporting semi-subsistence farms" is part of Axis I – "Improving the competitiveness of the agricultural and forestry sector", the main objective of which is to increase the competitiveness of agricultural exploitations undergoing reconstruction in view of facilitating transition-related issues, given the competitive pressure to which the agricultural sector and the rural economy are exposed because of the single EU market.*

*The maximum irredeemable amount which can be granted as project finance within Measure 141 is €1.500 /year/semi-subsistence farm. In the Olt County, in the 4 years of submission sessions, 1.313 projects were selected for payment.*

### **INTRODUCTION**

Excessive property fragmentation in agriculture, along with a low association rate have led to a duality, on one hand a large number of subsistence and semi-subsistence exploitations, and a low number of fully integrated trade exploitations on the other hand.

Out of the total agricultural area in use, subsistence exploitations occupy 45, 24%, semi-subsistence exploitations, 16.09%, and trade exploitations 38.67% (according to the report of the National Institute of Statistics for the year 2005).

For the main cultures, production is not constant and it is often below its potential.

It is further necessary to accelerate the reconstruction and modernization of agricultural exploitations, given the economical, ecological and social importance thereof, in view of ensuring a competitive, sustainable agriculture, in compliance with the eco conditionality requirements.

Since the accession of Romania to the European Union, Romanian farmers have been able to access irredeemable structural funds intended to the modernization of agricultural exploitations and to the development of agricultural units, in order for those of a smaller economic dimension to become more competitive on the market, thus being able to widen their range of activity (Vladu M. 2012).

### **MATERIAL AND METHOD**

The study at hand was conducted in view of revealing the amounts which were absorbed within Measure 141 "Supporting semi-subsistence farms" of the PNDR, between 2007 and 2013, in the Olt County.

The data which were used for conducting this study were obtained from the selection reports, published by the Contracting Authority.

The results are reported to the Ilt County, which is part of the South-West Oltenia Region, one of the 8 regions of regional development set at the national level in 2000, according to the NUTS protocol.

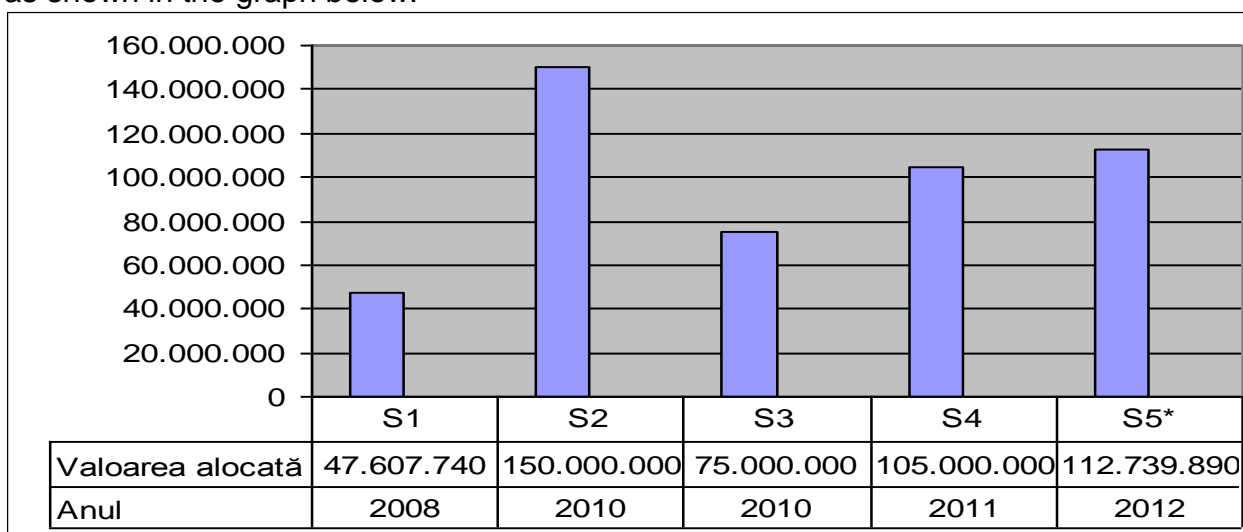
### RESULTS AND DISCUSSIONS

The grants available within Measure 141 “Supporting semi-subsistence farms” at the national level between 2007 and 2013 amount to €476.077.390.

Since the launch of this measure in March 2008 there were 4 sessions for project submission: March-April 2008, October-November 2010, April-May 2010 and June 2011.

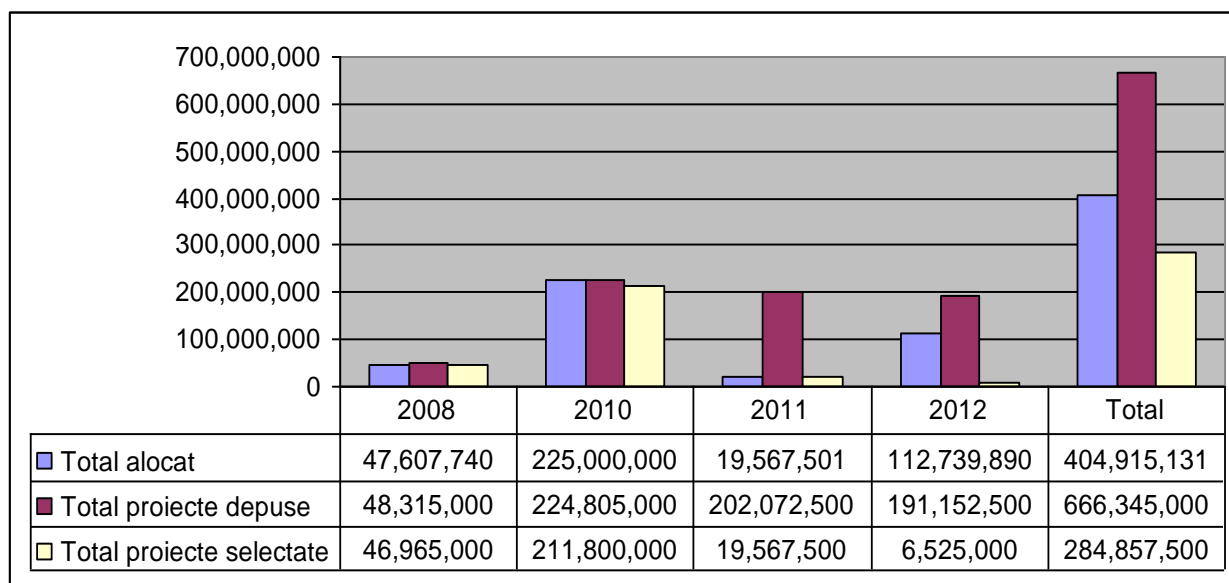
For the year 2012, according to the “Estimate calendar of submission sessions for the year 2012”, the last project submission session took place between May and June 2012.

In each of the above sessions, different amounts were granted for project financing, as shown in the graph below:



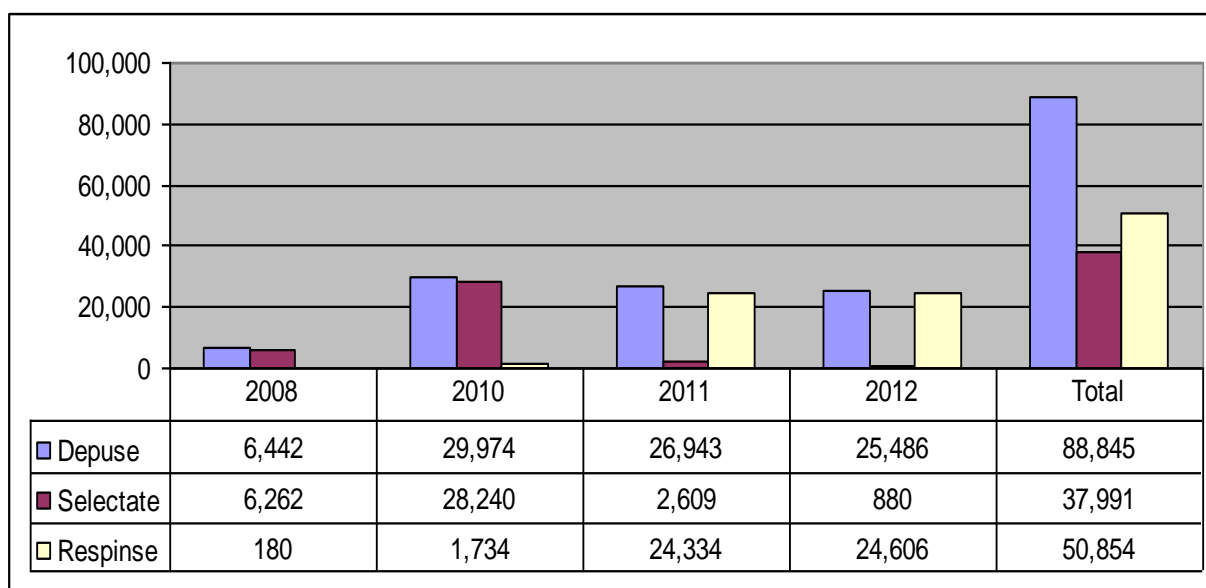
**Fig. 1 – The allocation situation of the funds by sessions within Measure 141, at the national level (euro)**

The numerical value of the projects submitted at the national level is not to be neglected, but the fact that over 42.7% of these projects were rejected on grounds of non-compliance with the eligibility terms, low number of points or lack of financial availability (fig. 2), imposes further consideration in order to avoid making the same mistakes in the future. The year 2010 had the highest rate of fund absorption, amounting to €225.000.000, or 55.56%. Also in the year 2010 the sums mentioned in the submitted projects amounted to €224.805.000, and projects amounting to €211.800.000 were financed.



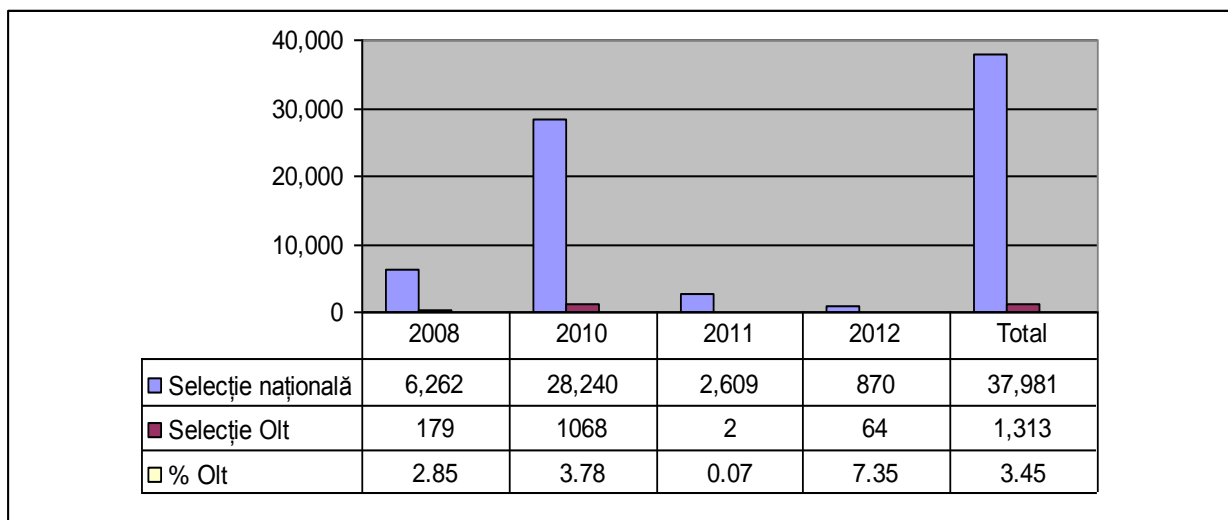
**Fig. 2 – Values of the national project submission sessions within Measure 141 of the PNDR**

Since the year 2008 there were four sessions with 88.845 projects submitted at the national level, and 37.991 projects selected for financing (fig 3). For the year 2012 it was advertised the launch between May and June of one last session of project submissions for this measure, with €112.739.890 available.



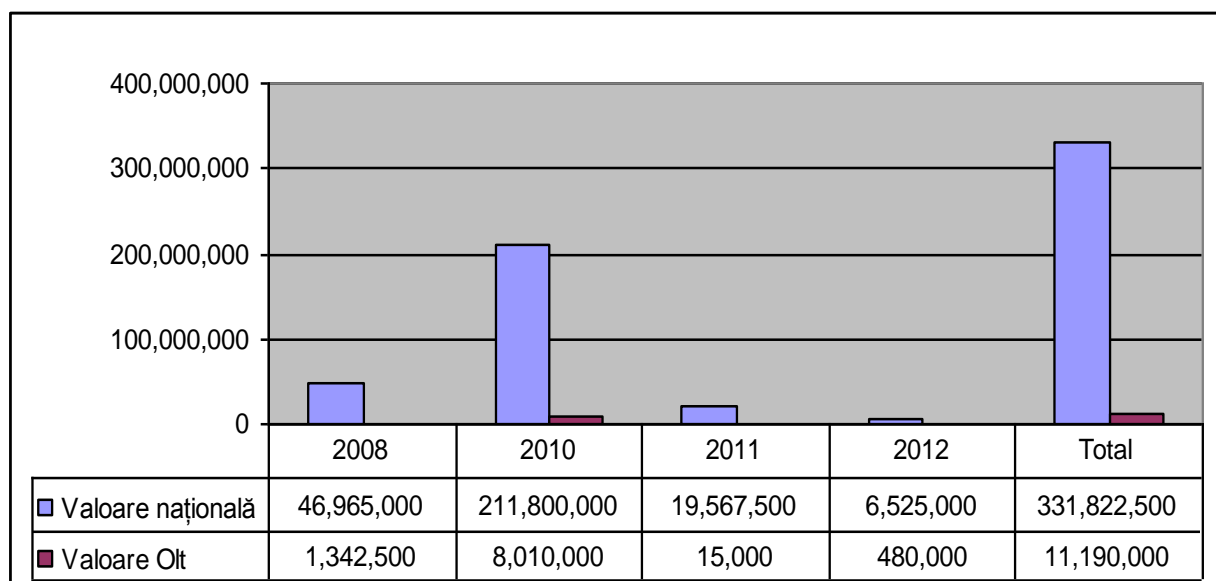
**Fig. 3 Number of projects submitted within the Measure 141, at the national level**

In the Olt County, during the 4 years of project submissions, 1.313 projects were selected for payment. Thus, the number of projects selected for financing within Measure 141 in the Olt County was 3.45% of the total number of projects selected for financing (fig.4).



**Fig. 4 – Percentage of the number of projects submitted within Measure 141 selected for payment in the Olt County, as compared to the total number of projects submitted at the national level**

As for value, funds amounting to €11.190.000 were absorbed in the Olt County, out of the total €331.822.500 absorbed during the selection process at the national level. The peak was in the year 2010, with 3.78%. (fig.5).



**Fig. 5 – Value distribution of the projects submitted within Measure 141 in the Olt County, as compared to the total at the national level**

The component of the amount of €11.190.000 absorbed in the Olt County until the deadline on 20.08.2012 within Measure 141, due to the selected projects is illustrated in fig. 6. The total amount absorbed due to the projects selected within Measure 141 in the Olt County was of €11.190.000, €2.238.000 of which originate in the national budget, whereas the other € 8.952.000 are contributions of the EC (European Commission).

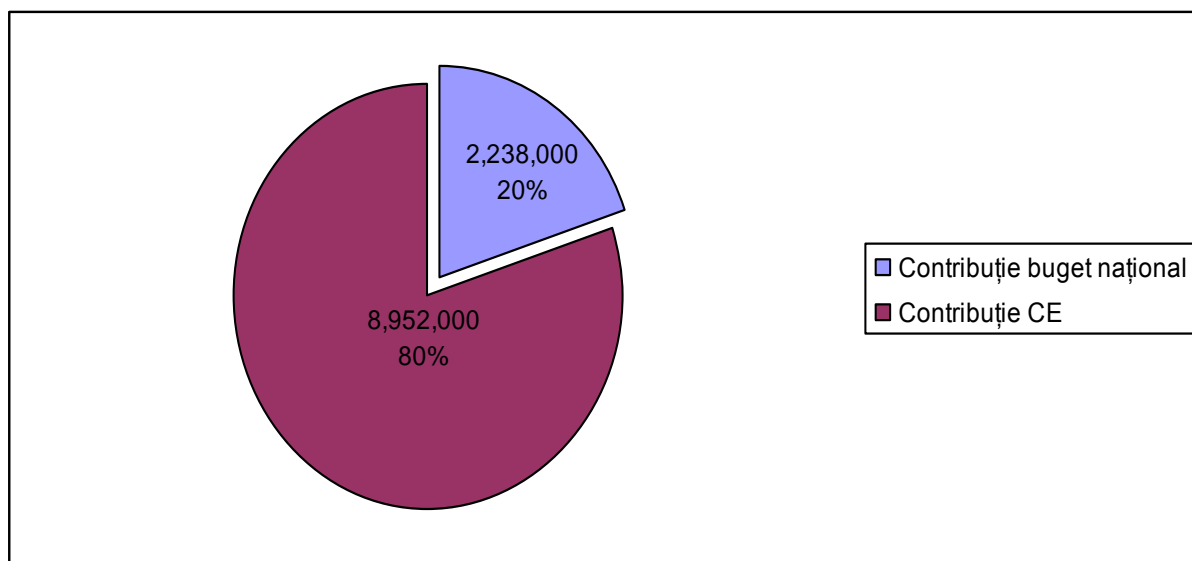


Fig. 6 – Origin of the amounts used for project financing within Measure 141, in the Olt County

### CONCLUSIONS

The grants available within Measure 141 “Supporting semi-subsistence farms” at the national level between 2007 and 2013 amounted to €476.077.390.

The total amount of the projects submitted by the end of the 4 years of project submissions is of €404.915.131, with €284.857.500 worth payments. However the absorption rate did not meet with the planned numbers, leading to the risk of the remaining amount having to be returned to the European Council, should the submitted projects not account for the entire amount available.

In the Olt County, in the 4 submission sessions 1.313 projects were selected for financing, standing for 3.45% out of the total number of projects selected at the national level within this measure.

As for value, funds amounting to €11.190.000 were absorbed in the Olt County, out of the total €331.822.500 absorbed during the selection process at the national level. The peak was in the October-November session in the year 2010, with 3.78%. Out of the total amount of €11.190.000 absorbed due to the projects selected for financing within Measure 141 in the Olt County, €2.238.000 of them originate in the national budget, whereas the other €8.952.000 are contributions of the EC.

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