



Factsheet on 2014-2020 Rural Development Programme for Romania

The Rural Development Programme (RDP) for Romania was formally adopted by the European Commission on 26 May 2015, outlining Romania's priorities for using nearly € 9.5 billion of public money that is available for the 7-year period 2014-2020 (€ 8.1 billion from the EU budget, including € 112.3 million transferred from the CAP direct payments, and € 1.34 billion of national co-funding).

The RDP for Romania focuses mainly on 3 priority areas: promoting competitiveness and restructuring in Romania's large agricultural sector; environmental protection & climate change; and stimulating economic development, job creation and a better quality of life in Romanian villages, where the situation is frequently well below both EU and average national levels. Under the first of these priorities, '**Competitiveness of the agricultural sector and sustainable forestry**', the RDP will help modernise nearly 3 400 farms and cooperatives, support the development of more than 30 000 small farms, and help more than 9 400 young farmers to start up. Under the priority '**Restoring, preserving and enhancing ecosystems related to agriculture and forestry**', more than 1.3 million ha (over 10%) of agricultural land and more than 800 000 ha (12%) of forests will benefit from payments to support biodiversity and promote environmentally-friendly land management practices. A further 4.7 million ha will receive support in order to prevent land abandonment and soil erosion. Skills in the agricultural sector will be reinforced by some 184 000 training places, under the above two priorities. Under the priority '**Social inclusion and local development in rural areas**', almost 27 000 jobs will be created in rural areas and the setting up and development of 3 000 non-agricultural businesses will be supported. Nearly 27% of the rural population should benefit from investments to improve rural infrastructure.

Support for Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the period 2014-2020 addresses six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities Romania is facing are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budget.

1. SITUATION AND KEY CHALLENGES

Romania covers an area of 238 000 km², of which 87% is rural. Of the total area, agricultural land covers 57 % and forest land 30 %. The unemployment rate is 7% (2012). The total population is nearly 20 million – of which 45% lives in rural areas.

The share of agriculture in the Romanian economy (at 6.6% of Gross Value Added) still remains one of the highest in the EU (more than three times the EU average of 1.7% of GVA).

Approximately one third of all farms in the EU are found in Romania, with some 3.9 million farm holdings. Increasing competitiveness of the sector and accompanying the restructuring process are key challenges. Farming structures are highly polarised - large and medium sized farms, account for around 7% of holdings, but manage some 70% of agricultural area, and have a clear competitive potential. On the other hand 93% of the holdings are less than 5 ha - these are typically subsistence and semi-subsistence holdings, which manage the other 30% of the agricultural area. The average farm size is considerably smaller than the EU average (3.4 ha in RO compared to an EU average of 14.4 ha). Average productivity is low, currently 30% of EU average levels, despite Romania's potential in the sector. The subsistence and semi-subsistence farms are poorly technically equipped and lack market orientation or involvement in cooperative activities, which could assist them to better integrate in markets. Access to credit and farm insurance is difficult for the sector overall, particularly for small farmers.

Agriculture still provides some 30% of total employment in Romania, the largest share in the EU, six times higher than the EU average. A further 2% are employed in the food industry. Faced with an unfavourable age structure (only 7% of farmers are young farmers), those working in the sector display a low level of formal education and skills. There is a strong need for upgrading professional skills in agriculture, while at same time promoting economic diversification in rural areas (only 18% of the non-agricultural SMEs in Romania are located in rural areas) - to provide new jobs, reduce over-dependence on agriculture, and to increase rural incomes. Basic infrastructure and access to services in the rural areas continue to be of poor quality and insufficiently developed. 40% of the rural population is at risk of poverty and social exclusion.

More than one fifth of farmland is under high nature value systems of farming. Among the key challenges concerning the environment and land management are the dual pressures of risk of abandonment of agricultural activities in some areas, and pressures from intensification in others. Large agricultural areas are affected by soil degradation phenomena (erosion, landslides, and desertification), risks that are expected to intensify as the effects of climate change increase. The irrigation systems are mostly degraded and poorly functional.

In contrast, among the opportunities and potential of the Romanian rural areas are the recent trend in agricultural export growth, high quality of agricultural land conducive to increasing agricultural production, rich cultural heritage and biodiversity, closely associated with use of traditional extensive land management practices.

2. HOW THE ROMANIA'S RDP WILL ADDRESS THESE CHALLENGES

In addressing these challenges, Romania's RDP will fund action under all six Rural Development priorities - with a particular emphasis on Competitiveness of the agricultural sector and sustainable forestry; Restoring, preserving and enhancing ecosystems related to agriculture and forestry; as well as Social inclusion and local development in rural areas. The focus of each priority is explained briefly below.

Knowledge transfer and innovation in agriculture, forestry and rural areas

More than 184 000 persons will receive training under the RDP: 30 000 farmers and owners of small processing units will be trained linked to development of their farm/food businesses (particularly small and young farmers), and more than 150 000 farmers will be trained on how to better deliver environmental and climate-related benefits. Over 60 000 farmers and owners of micro and small enterprises in rural areas will receive specific advisory services. Innovation and co-operation will be stimulated by over 200 co-

operation projects including setting up of 24 Operational Groups under the European Innovation Partnership.

Competitiveness of agri sector and sustainable forestry

The RDP will support investments in the modernisation of nearly 3 400 farms and cooperatives, the development of more than 30 000 small farms and the setting up of more than 9 400 young farmers. There is a particular emphasis on promoting association between small farmers in order to improve competitiveness of the many small farms. Some 15 000 small farmers will also be supported to permanently transfer their holdings, promoting consolidation of holdings. In forestry sector, there will be investments to expand the limited network of forest roads by over 900 km.

Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

The RDP aims to modernise and support the investments of nearly 300 food processing units, to set up 62 new producer groups, with the participation of 620 holdings and to support cooperation projects (e.g. in short supply chains. local markets) developed by nearly 750 farms. Almost 15 000 farmers will take part in a mutual fund so that they can better mitigate the effects of adverse climate and other risks. Nearly 500 pig and poultry holdings will continue to receive payments for the animal welfare commitments signed in the previous RDP 2007-2013.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Sustainable land management, to protect its unique rural environment and ecosystems is of great importance to Romania and therefore nearly one third of all RDP financing will be devoted to this priority. More than 1.3 million hectares of agricultural land (almost 10% of all Romania's agricultural land) and more than 800 000 hectares (12%) of forests will benefit from environmental and climate payments, or for forest conservation. Also more than 200 000 hectares of agricultural land will be supported to either maintain or convert to organic agriculture practices. A new delimitation of areas with 'other significant natural constraints' will be introduced from 2015 in Romania, meaning the total area designated with natural constraints (ANC) will now cover nearly 50% of the Romanian agricultural area. Compensatory payments will be made to farmers on more than 70% of all the areas designated, representing 4.7 million hectares (more than one third of all the agricultural land) in order to prevent land abandonment and soil erosion (in areas affected by climatic and physical constraints such as the mountainous areas but also areas affected by soil erosion, dryness, etc.).

Resource efficiency and climate

The RDP puts particular emphasis on resource efficiency and particularly the challenge of climate change for agriculture. The RDP will support 435 projects for modernisation of existing irrigation infrastructure, targeting nearly 400 000 hectares of agricultural land on which the use of water will be more efficient and adapted to increased water scarcity. This will be complemented by training & advisory actions to help farmers adapt farming practice to increase their efficiency of water use. There will be 870 investments targeting the reduction of GHG and NH₃ emissions (e.g. for manure storage). Support for afforestation will also play a key role to promote carbon sequestration.

Social inclusion and local development in rural areas

The RDP aims to promote diversification of the rural economy and creation of new job opportunities to help surplus labour from agricultural sector, and increase rural incomes. Nearly 3 000 projects will be supported for setting-up/developing non-agricultural businesses in rural areas and almost 27 000 jobs will be created, of which more than 2 000 will be created under LEADER. 120 LEADER Local Action Groups will implement local

development strategies, covering 100% of the eligible rural territory. Almost 800 projects will be supported to improve small-scale rural infrastructure, improving living conditions for some 27% of the rural population. They will include investments in local roads, waste water/water supply facilities, crèches, kindergartens, afterschools, and agricultural high schools. Nearly 400 local cultural patrimony buildings will be restored and preserved.

Access to credits for implementing private investments under the RDP will be facilitated by the use of financial instruments, starting with a Guarantee Fund.

Romania has also chosen to implement a separate **thematic sub-programme** (with indicative financial allocation of € 320 million EAFRD funds) aimed to increase the competitiveness and enable restructuring of the fruit growing sector, a sector where Romania has climatic advantages and traditional strengths, but which has suffered from under-investment. Support is given for the setting-up of new orchards, reconversion of the old ones, fruit processing, cooperation projects, and the setting-up of producer groups within the sector.

The four biggest RDP measures in budgetary terms (total public funding) are:

- € 2.4 billion allocated to Measure 4 (Investments in physical assets)
- € 1.4 billion allocated to Measure 13 (Payments to areas facing natural or other specific constraints)
- € 1.3 billion allocated to Measure 7 (Basic services and village renewal in rural areas)
- € 1.1 billion allocated to Measure 6 (Farm and business development)

Annex 1: Indicative public support for the Rural Development Programme in Romania

Target	Measure	€ Total public	%
Priority1: Knowledge transfer and innovation in agriculture, forestry and rural areas¹			
1A: Fostering innovation, cooperation, knowledge base 1.79% of RDP expenditure	01 knowledge 02 advisory 16 cooperation		
1B: Strengthening links (with research etc.) 211 cooperation projects	16 cooperation		
1C: Training 184 430 participants trained	01 knowledge		
Priority 2: Farm viability, competitiveness and sustainable forest management		1 864 161 812	19.68
2A: Economic performance, restructuring & modernisation 0.09% of holdings with RDP support ² 4.10% of small holdings with RDP support ³ 2.66% of medium-sized holdings with RDP support ⁴	01 knowledge	12 480 000	0.13
	02 advisory	21 983 640	0.23
	04 investments	881 486 319	9.31
	06 farm / business development	366 520 697	3.87
2B: Generational renewal 0.24% of holdings with RDP supported business development plan/investments for young farmers 17.65% of holdings between EUR 12 000-50 000 Standard Output with RDP support for business development for young farmers ⁵	01 knowledge	6 350 000	0.07
	02 advisory	30 501 600	0.32
	06 farm / business development	444 839 556	4.70
2C+: Improving the economic performance of forests 909 km of forest roads built under supported projects	04 investments	100 000 000	1.06
Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management		995 367 204	10.51

¹ No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

² Targets are typically calculated compared to total no. of farms in programme area. In Romania the very high overall number of farms (nearly 3.9 million) is due to large share of very small subsistence and semi-subsistence farms which distorts the picture, so targets have also been established compared to total number of small and medium farms eligible to apply for the support concerned.

³ In Romania there are 60 997 small farms (between EUR 8 000 and 11 999 Standard Output).

⁴ In Romania there are 63 645 medium farms (between EUR 12 000 and 250 000 Standard Output).

⁵ See footnote 2. In addition to total no. of farms, the target is also established compared to the total number of farms eligible to apply for support (between EUR 12 000 and 50 000 Standard Output).

3A: Improving competitiveness of primary producers 0.04% of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations	01 knowledge	3 000 000	0.03
	02 advisory	192 000	0.00
	04 investments	221 507 275	2.34
	09 producer groups	20 000 000	0.21
	14 animal welfare ⁶	516 533 373	5.45
	16 cooperation	31 134 556	0.33
3B: Farm risk prevention and management 0.39% of farms participating in risk management schemes	01 knowledge	3 000 000	0.03
	17 risk management	200 000 000	2.11
Priority 4: Restoring, preserving and enhancing ecosystems in agriculture and forestry⁷		2 813 740 122	29.70
4A Biodiversity 12.15% of forest/other wooded area under contracts 10.12% of agricultural land under contracts	01 knowledge	38 791 913	0.41
	02 advisory	13 290 118	0.14
4B Water management 11.92% of agricultural land under contracts	10 AEC	1 052 545 356	11.11
	11 organic farming	236 416 168	2.50
4C Soil erosion and management 3.80% of agricultural land under contracts 1.22% of forestry land under contracts	13 ANC	1 354 892 645	14.30
	15 forest env-climate	117 803 922	1.24
Priority 5: Resource efficiency and shift to low carbon and climate resilience economy in agriculture, food and forestry sectors		1 025 842 022	10.83

⁶ A measure in the RDP 2007-2013 which Romania decided to discontinue in the new period 2014-2020, but for which there are still outstanding payments to be made to farmers.

⁷ Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas.

<p>5A Water efficiency</p> <p>294.28% of irrigated land switching to more efficient irrigation systems⁸</p> <p>63.35% of land with viable irrigation infrastructure switching to more efficient irrigation systems⁹</p>	01 knowledge	140 421	0.00
	02 advisory services	82 588	0.00
	04 investments	435 294 118	4.60
	10 AEC	18 199 298	0.19
<p>5C Renewable energy</p> <p>EUR 1.95 million total investment in renewable energy production</p>	06 farm / business development	1 763 514	0.02
<p>5D Reducing GHG and NH3</p> <p>0.40% of LU (Live-stock Unit) concerned by investments in live-stock management in view of reducing GHG (Green House Gas) and/or ammonia emissions</p> <p>9.93% of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions</p>	01 knowledge	3 333 333	0.04
	04 investments	442 515 707	4.67
<p>5E Carbon conservation and sequestration</p> <p>1.24% of agricultural and forest land under management contracts contributing to carbon sequestration or conservation</p>	08 forests	124 513 043	1.31
Priority 6: Social inclusion, poverty reduction and economic development in rural areas		2 563 692 738	27.06
<p>6A Diversification, creation of small enterprises and jobs</p> <p>24 474 jobs created in supported projects</p>	02 advisory	4 999 999	0.05
	04 investments	332 260 912	3.51
	06 farm / business development	292 545 576	3.09

⁸ Romania has large-scale irrigation infrastructure, but significant part is degraded/poorly functional and not actually used (irrigated) in recent years, hence this statistical anomaly.

⁹ See footnote 8. This programme-specific target shows the share of that part of the irrigation infrastructure identified as being economically viable to rehabilitate, which is targeted for investment support under the via RDP.

6B Fostering local development			
100% rural population under local development strategies	07 basic services	1 297 925 504	13.70
26.63 % rural population with improved services/infrastructure			
2 055 jobs created (via LEADER)	19 LEADER and CLLD	635 960 746	6.71
Technical Assistance		209 844 611	2.22
Total public expenditure €		9 472 648 512	100