RURAL DEVELOPMENT FINANCING. THE NEW E.U. MULTIANNUAL FINANCIAL FRAMEWORK 2014-2020

FINANŢAREA DEZVOLTĂRII RURALE. NOUL CADRU FINANCIAR MULTIANUAL AL U.E. 2014-2020

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Abstract: *Rural area's durable development is conditioned by a series of factors, of which the financial resources represent, in our opinion, a priority position. In these terms, this work relies on a well documented analysis of rural development-supporting financial mechanisms in the current programming period, 2007-2013, and on the background of the new challenges for the period 2014-2020.*
The rural development policy attracts more and more attention among the European Union policies, enjoying a significant financial support, of approximately 10% of the common budget.
The new European Union orientation in the field of rural development should answer a few questions: What are the problems confronting the rural area? Why do we need a reform of the Common Agricultural Policy? How will CAP approach the future challenges? What CAP instruments will be used in order to accomplish the objectives?

Key words**:** *sustainable rural development, financial mechanisms, priorities, measures*

INTRODUCTION

Rural development policy has received increased attention by the Agenda 2000 reforms and subsequently by the CAP reform in 2003-2004, focusing on rural development - Pillar 2 of CAP, based on a multifunctional agriculture, sustainable and competitive. (Feher, Andrea, 2009)

Currently, CAP, with the two pillars - agriculture and rural development must meet some requirements and challenges specific of XXI century (economic, environmental and territorial), such as:

- ensuring both **EU and global food security**;
- preserving and enhancing the competitiveness in a world characterized by increasing globalisation, with rising price volatility while maintaining agricultural production across the whole European Union;
- **increase farmers' income**, after a difficult period of economic crisis which has seriously affected agriculture;
- **enhancing the sustainable management of natural resources such as water, biodiversity and soil**,
- **reducing emissions of greenhouse gases**, by practicing environmentally friendly agriculture and renewable energy supply;
- **maintaining the diversity of EU farm structures and production systems,** which have increased following EU enlargement, while maintaining its social, territorial and structuring role;
- **strengthening the territorial and social cohesion in the rural areas of the European Union**, notably through the promotion of employment;
- **reducing disparities between Member States** by promoting a more equitable and balanced common agricultural policy;
- **further simplification of procedures for implementing the CAP and reducing administrative burdens** for funding recipients. (European Commission, 2010)

MATERIALS AND METHODS

The analysis is based on extensive further reading, books, reports, national and international statistics, based on study of current legislation and regulations of the European Commission proposals on the future CAP.

RESULTS AND DISCUSSION

In early 2010 the European Commission published the document ***"Europe 2020 - A strategy for smart, sustainable and inclusive growth"*** which sets out objectives to be followed for come out from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high

levels of employment, productivity and social cohesion, in the intensification of globalization, pressure on resources and aging.

Europe 2020 strategy has three **main priorities**, namely:

- ***smart growth***: developing an economy based on knowledge and innovation.

– ***sustainable growth***: promoting a more resource efficient, greener and more competitive economy.

– ***inclusive growth***: fostering a high-employment economy delivering social and territorial cohesion. (European Commission, 2010)

In line with the Europe 2020 strategy, the rural development policy for 2014-2020 includes the long-term strategic objectives of contributing to the competitiveness of agriculture, the sustainable management of natural resources and climate action and the balanced territorial development of rural areas. In this context, the proposed regulation for rural development includes six EU priorities for 2014-2020:

- *fostering knowledge transfer and innovation in agriculture, forestry and rural areas;*

- *enhancing competitiveness of all types of agriculture and enhancing farm viability;*

- *promoting food chain organization and risk management in agriculture;*

- *restoring, preserving and enhancing ecosystems dependent on agriculture and forestry;*

- *promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors;*

- *promoting social inclusion, poverty reduction and economic development in rural areas.* (European Commission, 2010)

These priorities should be **the basis for future programming** national program of rural development. Unlike the current RDP, the Commission proposes that future rural development program is no longer structured by axes, but to include **individual measures** that can potentially serve several objectives or priorities. Thus, the Community menu for 2014-2020 includes the following measures:

1. Knowledge transfer and information actions;
2. Advisory services, farm management and farm relief services;

3. Quality schemes for agricultural products and foodstuffs;
4. Investments in physical assets;
5. Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions;
6. Farm and business development;
7. Basic services and village renewal in rural areas;
8. Investments in forest area development and improvement of the viability of forests;
9. Afforestation and creation of woodland;
10. Establishment of agro-forestry systems;
11. Prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events;
12. Investments improving the resilience and environmental value of forest ecosystems;
13. Investments in new forestry technologies and in processing and marketing of forestry products;
14. Setting up of producer groups;
15. Agri-environment- climate;
16. Organic farming;
17. Natura 2000 and Water framework directive payments;
18. Payments to areas facing natural or other specific constraints;
19. Animal welfare;
20. Forest-environmental and climate services and forest conservation;
21. Co-operation;
22. Risk management;
23. Crop, animal, and plant insurance;
24. Mutual funds for animal and plant diseases and environmental incidents;
25. Income stabilisation tool;
26. LEADER: local action groups, preparatory support, co-operation activities, running costs and animation.

The new proposal Regulation provides the simplification and harmonization of the rules for the purposes of a **single framework** for all EU funds to replace the sectoral approach of the current programming period. The Common Strategic Framework will be transposed into

Partnership Contracts at national level including common objectives and rules for all funds that includes (the European Agricultural Fund for Rural Development – EAFRD, the European Regional Development Fund – ERDF, the European Social Fund - ESF, the Cohesion Fund and the European Maritime and Fisheries Fund –EMFF. Establishment common rules for all funds operating in a Common Policy Framework aims to streamline and strengthen the coherence between EU policies, simplifying and reducing bureaucracy, facilitating the implementation of integrated projects.

The proposal Regulation for rural development provides either a rural **development program at national level** or a set of **regional programs**. Regardless of way of programming (national or regional), each program should include a series of measures with quantified targets based on EU priorities for rural development.

Member states will be able to adopt in their rural development programmes **thematic sub-programmes** with **higher support rate** "*to address specific needs in areas of particular importance to them*". (European Commission, 2011). These thematic sub-programmes concern young farmers, small farms, mountain areas and the creation of short supply chains.

Regarding support for rural development allocated to Member States, the proposed regulation does not provide a breakdown by Member State, with only considerations which will form the basis of this distribution, namely *"objective criteria and past performance"*. (European Commission, 2011)

Pillar II budget for 2014-2020 amount to 101.2 billion compared with EUR 96.4 billion how the EAFRD budget is for current programming period. From this budget, Romania benefits for the period 2007-2013, EUR 8.1 billion, ie an allowance of 8.4%. If we maintain this weight of allocation, Romania will benefit from rural development funds amounting to EUR 8.5 billion for 2014-2020.

CONCLUSIONS

Common Agricultural Policy with its two pillars - agriculture and rural development - is a policy of strategic importance to the European

Union contributing to food security, environmental protection and territorial balance.

Given the new socio-economic context created by the financial crisis and the increasing environmental problems and climate, agriculture and, especially, rural development, should enjoy a significant further financial support and proper measures, with impact not only in providing food, but also on society and landscape, through creating jobs and increasing non-agricultural activities in rural areas, maintaining cultural heritage and proper use of natural resources. We notice in this regard, an improvement of rural development Community menu proposed for 2014-2020, which includes several new measures confrunting the rural problems of the XXI century.

The responsibility of each country is being able to select measures and allocate funds, in order not to repeat the mistake of Romania from the current programming period regarding the implementation of measures and the absorption of funds.

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