



**GOVERNMENT OF ROMANIA**

**Ministry of Agriculture Forests and Rural  
Development**

**NATIONAL STRATEGY PLAN  
FOR RURAL DEVELOPMENT  
2007-2013**

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## Acronyms

ANCIS	National Authority for the Coordination of Structural Funds	NAAC	National Agency for Agriculture
ASAS	Academy for Agricultural and Forestry Studies	NACSF	National Authority for the Coordination of Structural Funds
AWU	Annual Working Unit	NAMA	National Agency of Mountain Area
CAEN	National Classification of the Economic Activities	NARECT	National Association for Rural, Ecological and Cultural Tourism
CAP	Common Agricultural Policy	NARW	National Administration "Romanian Water"
CEE	European Economic Community	NCC	National Coordination Committee
CEFTA	Central European Free Trade Area	NGO	Non-Governmental Organization
CLC	Corine Land Cover	NIS	National Institute of Statistics
CMO	Common Market Organisation	NNPAR	National Network of Protected Areas in Romania
CNDP	Compensatory National Direct Payments	NPC	National Prognosis Commission
CSG	Community strategic guidelines	NRDP	National Rural Development Plan
EAFRD	European Agricultural Fund for Rural Development	NSCRD	National Strategic Committee for Rural Development
EAP	Environment Action Programme	NSP	National Strategic Plan
EC	European Council	NSRF	National Strategic Reference Framework
ECCP	European Climate Change Programme	NUTS	Nomenclature for Territorial Units for Statistics
EFF	European Fishery Fund	OECD	Organization for Economic Cooperation and Development
EFRD	European Regional Development Fund	OP	Operational Program
ESF	European Social Fund	OSC	Common Strategic Objective
EU	European Union	PIAA	Paying and Intervention Agency for Agriculture
EU-15	15 member states of the EU prior to 2004 accession round	PNDR	National Plan for Rural Development
EU-25	25 member states of the EU after the 2004 accession round	RAIB	Romanian Academy and the Institute for Biology
FRA	Romanian Authority for the Forestry	RDP	Rural Development Plan
FRMI	Forestry Research and Management Institute	RFRMD	Romanian Federation for Rural and Mountain Development
GAC	General Agriculture Census	RLSPR	Real List of Superior Plants in Romania
GAEC	Good Agricultural and Environmental Conditions	ROL	Romanian Lei
GDP	Gross Domestic Product	RSY	Romanian Statistical Yearbook
GNP	Gross National Product	SAC	Special Area of Conservation
GVA	Gross Value-Added	SAPA	Special Avifaunistic Preservation Areas
HLFS	Household Labour of Survey	SAPARD	Special Accession Program for Agriculture and Rural Development
HNV	High Natural Value	SAPS	Single Area Payment Scheme
HRD	Human Resource Development	SCI	Sites of Community Importance
ISO	International Organization for Standardization	SEPA	Special Environment Protected Area
LAG	Local Action Group	SME	Small and Medium Enterprises
LFA	Less Favoured Areas	SO	Strategic Objective
LFS	Labour Force Survey	SOP	Structural Operational Programmes
LIG	Local Initiative Group	SSD	Structural Survey in Agriculture
LU	Labour Units	TICDC	Training and Innovation Centre for Development in the Carpathians
MAB	Man And Biosphere	UAA	Utilized Agricultural Area
MAFRD	Ministry of Agriculture, Forests and Rural Development	UNESCO	United Nations Educational, Scientific (and) Cultural Organization
MET	Ministry of Economy and Trade	WFD	Water Framework Directive
MEWM	Ministry of Environment and Waters Management		
MLSSF	Ministry of Labour, Social Solidarity and Family		
MPF	The Ministry of Public Finances		
NA	Not Available		

## Introduction

The National Strategic Plan for Romania was prepared on the basis of the Council Regulation (EC) no 1698/2005 of 20<sup>th</sup> September 2005 on supporting rural development under European Agriculture Fund for Rural Development (EAFRD). The provisions of the National Strategy Plan take into account Community Strategic Guidelines referring to rural areas.

National Strategy Plan covers the 2007-2013 programming period. Based on the analysis of the social, economic and environmental situation conducted on the basis of available statistical data it specifies the priorities and directions of rural development in conjunction with the Community priorities. National Strategy Plan is the basis for the implementation of the Rural Development Program for 2007-2013. The support for rural development under EAFRD in Romania is referred to the national level in cooperation with the regional and local organizations at the stage of development of strategy and assumptions for individual measures. One national plan shall be developed. Centralization of the programming process is justified by the fact that the majority of planned measure instruments are horizontal in their nature and the process may hardly be transferred to the regional level because of the lack of administrative structure and the complexity of the program. The planned wide set of tools shall implement strategy priorities at national level with consideration given to the regional needs.

The National Strategy Plan was subject to a consultation process, including inter-ministerial agreements, as well as to consultation with socio-economic players, representatives of local self-government, trade unions, NGO and professional organizations. The list of these organisations and the consultation process is described in Annex 1.

The National Strategy Plan uses selected basic indicators on the basis of the Common Monitoring and Evaluation Framework of (CMEF).

# Chapter 1

## Baseline analysis of the economic, social and environmental situation and setting of the baseline indicators

### General economic background and importance of the rural areas

With an area of 238 thousand km<sup>2</sup> and a population of more than 21 million inhabitants, Romania is an important new EU member state in terms of size, although there is a large gap between this country and the old member states as far as the level of economic and social development is concerned. Rural areas play an important part in this respect, both by their size and residential, economic and recreational dimensions.

According to the national definition<sup>1</sup>, rural areas in Romania cover 87.1% of the territory, and include 45.1% of the population (on 1 July 2005 indicators of National Statistical Institute<sup>2</sup>), i.e. 9.7 million inhabitants.

According to the OECD definition<sup>3</sup>, at the NUTS2 level, 56.5% of the Romanian territory was considered in mostly rural areas and 42.7% in intermediate areas. As far as the population is concerned, 56.0% lives in mostly rural areas and 33.8% in intermediate areas (data from 2003). Actually, according to his definition of the regions (*presented in Annex I.1*), the only mostly urban area is Region 8 (Bucharest-Ilfov), including the Romanian capital. This is why this region whose territory represents 0.8% of the total area and a population of 10.2% holds 21.0% of the gross added value and 9.7% of occupation. For all the four indicators, the difference up to 100% is the contribution of the rural area (at large).

In terms of primary local government units (towns and communes), rural areas according to the national definition are not much different<sup>4</sup> from the rural areas defined using the OECD definition, but some urban settlements are assimilated to rural areas if we only take into account the criterion of population density, which makes the OECD definition larger than the national one.

The continuous GDP growth started with 2000, to reach a peak in 2004 (of 8.5% as against the previous year) scored an average of about 5% over the past years, which means that the GDP/capita in 2005 was of about 34% of the EU25 average, as compared to 26.9% in 2001. (See table 1)

During 2002-2005, the occupied population in the overall economy dropped slowly from 9.2 to 9.1 million persons, with an occupation rate with fluctuations of less than 1%, 57.7% overall in 2005, higher in rural areas (61.6%). (See table 1)

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<sup>1</sup> From an administrative point of view, the Romanian territory is organized, for NUTS5, in 319 towns (of which 103 cities – the most important towns), making up the urban area and 2851 communes, making up rural areas (on 31 December 2005). In their turn, communes are mostly made up of more than one village (12,946 villages in total) without any administrative responsibilities. In order for a commune to become a town, a special law must be approved. Towns and communes are grouped in counties (NUTS3 level), with administrative functions. The 42 counties are grouped in 8 development regions (NUTS2), without administrative functions.

<sup>2</sup> Today, Romania has a data base which includes the relevant indicators of rural areas, which are defined after national legislation. The analysis of the National Strategic Plan is based on these indicators and in the future period will be analysed the opportunity to apply the methodology of OECD.

<sup>3</sup> The OECD definition, taking into account population density at the local level, considers as rural those local government units with less than 150 inhabitants/km<sup>2</sup>. Then it identifies three categories of regions (NUTS3 or NUTS2 level): mostly rural (more than 50% of the population in rural communities), intermediate (between 15 and 50% of the population in rural communities) and mostly urban (less than 15% of the population in rural communities).

<sup>4</sup> As against analysis of the two approaches, using data from 2002, shows that rural areas covered 86.9% (44.7% of the population) according to the national definition and 93.5% of the area (47.5% of the population) according to the OECD definition. The differences come from small towns with relatively large administrative areas (many in mountain areas, but also some in the plateaus and plains, with agricultural backgrounds). There are also cases of communes which may be considered urban areas in terms of population density, mostly around large cities in the hill areas.

The unemployment rate (BIM) in 2005 was of 7.2%, lower than in 2002 (7.2%). In rural areas, the unemployment rate was, for every year, about 3% lower than that of urban areas (in 2005 it was 5.2%). (See table 1)

The value of agricultural products from own resources reflected in the overall household income was quite high (*The evolution of total household incomes and the value of produce used from own resources is presented in Annex 1.2*) although it is decreasing from 22.7% in 2002 to 17.3% in 2005. For the farmers, this ratio is very high: 42.4% in 2005. Generally speaking, food consumption (*The annual consumption per capita of the main food products is presented in Annex 1.3*) is specific to a country with low incomes.

**Table 1.** Horizontal baseline indicators

	Indicator	Measurement	Romania		EU	Observations/source
			Total	Rural		
1	<b>Economic development</b>	<b>GDP/capita (EU-25 = 100), in %</b>	(34)		EU25=100	<b>GDP(pps), 2001 EU25=20478 Euros (National Prognosis Commission 2005)</b>
2	<b>Employment rate</b>	<b>Employed persons as a share of total population of the same age class, in %</b>	(57.7)	(61.6)	EU25=63.1	<b>2004 (NIS 2005 Labour Force Survey)</b>
3	<b>Unemployment</b>	<b>Rate of unemployment (% active population)</b>	(7.2)	(5.2)	EU25=9.2	<b>2004 (NIS 2005 Labour Force Survey)</b>

## 1.1 Agriculture, forestry and food sectors

### 1.1.1. The primary economic sector, occupation and land use

Agriculture and forestry are important traditional economic branches in Romania, both in terms of the agricultural area (14.7 million ha) and forest area (6.7 million ha), and in terms of the population occupied in agriculture and forestry (32 %). In 2005, the contribution of agriculture and forestry to the GVA was of 9.6%, a dramatic drop from 13.9% in 2004, because of the poor crops.

In terms of labour occupied in the primary sector (*Structures of population occupied in the primary sector, by age groups and professional status are presented in Annex 1.4*), out of a total of 2.9 million people occupied in 2005 (down from 2002, when it was of 3.3 million), only 6% are employees, 51.6% being self employed and 42% unpaid family workers. Out of the total population occupied in the primary sector, 66.2% are aged between 15-54, 18.5% between 55-64, and 15.3 % above 65, with an important emphasis on the high number of people above 55.

The basic training of the qualified labour in agriculture is done in the traditional specialized education system, although, over the past years, the number of graduates of specialized schools has dropped (*The dynamics of the number of schools with agricultural, forestry and food industry profiles as well as the number of students and graduates is presented in Annex 1.5 a,b,c*). During 1998-2005, the number of schools specialized in agriculture (secondary schools, vocational schools, postgraduate secondary schools) decreased, while the number of schools specialized in forestry and veterinary medicine increased.

Professional training and information is carried out by specialized institutions of the MAFRD (NAAC – National Agency for Agricultural Consulting; TICDC– Training and Innovation Centre for Development in the Carpathians), other ministries and private providers. The total number of trainees in NAAC courses (in 2005) was of 35,538, of which: 33,637 farmers; 37 forestry workers; 636 rural tourism workers; 1,228 food industry workers. TICDC - Vatra Dornei trained 2,288 participants during 1998-2006, of which 2,120 mountain farmers and 168 workers in mountain rural tourism.

*The Professional Training measure of the SAPARD Program trained 272 participants, as follows: farm management, 74 trainees; agriculture management, 113 trainees, rural tourism guesthouses, 85 trainees (during 2005-2006).*

The total area of agricultural land in Romania (*The distribution of agricultural areas by use, between 1999-2005 is presented in Annex 1.6*) was of 14741.2 thousand hectares in 2005, representing 61.8% of the total land. Arable land represents about 63.9%, vineyards and vineyard nurseries 1.5%, orchards and orchard nurseries 1.4%, pastures 22.8% and hayfields 10.2%.

The area covered in forests and other forest vegetation represents 28.28% of the total area. Out of this area (6742.8 thousand ha), 92.4% is covered with forests.

The process of agricultural and forest land restitution to the private owners started in 1991 and continued in sequence, so that, until 2005 about 95.6% of the agricultural land had been restituted (*The distribution of land used in the state and private sector over 1998-2006 is presented in Annex 1.7 a and b*). The process is still ongoing as there are many litigations and disputes over locations and boundaries but a large percentage of owners received their land and property titles.

Agricultural contributions to the gross value added (GVA) (around 12-13% in 2000 years) are relatively lower compared with utilised resources and decreasing as compared to 1990, when it reached about 20%. This decline is explained by the fact that non-agricultural sectors had higher economic growths than the average agriculture growth. This dynamics is part of the specific tendencies of modern economies. The ratio of the gross value added in agriculture of the total GVA in 2004 was 13.4%.

As far as labour is concerned, primary sector occupation is to be found mostly in agriculture (98.8% in 2002). Out of the people occupied in agriculture, only 67.1% had a full time job.

The excessive fragmentation of agricultural properties and lack of association leads to a permanent duality of the subsistence and semi-subsistence holdings on the one hand and commercial holdings on the other. There are imbalances with regard to the commercial holdings as well, in terms of the used agricultural area (*Agricultural holdings, used agricultural area and the average UAA/holding, according to the legal status of the agricultural holdings are presented in Annex 1.8*), between family holdings (individual) and companies (legal persons), as the latter is managed to adjust to the needs of a performing agriculture due to the investments made in the pre-accession period.

In 2005, out of the total number of 4,256,152 agricultural holdings, 4,121,247 used an agricultural area of 13,906.7 thousand ha. Out of these, 90.65% have less than 5 ha, 9.02% between 5-50 ha, and 0.34% are larger than 50 ha.

### **1.1.2. Total and average production in agriculture**

Vegetable production (*The status of the main crops and evolution of average production by ha over the analysed period is presented in Annex 1.9 a and b*) includes mostly cereals (69% of the arable area). The areas cultivated with technical plants (rape, flax, hemp etc.), and fodder plants, medicinal and aromatic herbs are mostly limited because of the difficulties in mechanization posed by these crops.

The average cereal production is not stable from one year to another, as it depends on the climate conditions and is relatively low against its potential. The average productions for most cultivated cereals during 2000-2005 were: wheat – 2,508 kg/ha, representing 40% of the potential, maize 3,150 kg/ha, representing 39.4% of the potential (according to the estimates of AAFS specialists).

The areas cultivated with vegetables covered more than 260 thousand ha every year during 2000-2005. Although there is an upward trend (with a maximum of 308 thousand ha in 2004), this production is affected by climate conditions. Total vegetable production also increased, reaching a maximum of 4,773 thousand tones in 2004 (2005 was a slightly worse year, with only 3,624 thousand tones). Thus, the vegetable production per capita in 2004 reached 220.3 kg (in 2005 it reached 167.6 kg), on a regular increase from 2000, when it reached 112.7 kg/capita.

As far as vineyards are concerned, the areas cultivated with noble grape vines during 1998 - 2005, decreased by 16%. The productivity level of the noble vines is of only 30 hl wine/hectare, a major gap from the average EU, which is of 50 hl wine/hectare. The area cultivated with hybrid vines in individual households also dropped by 20% over the same period. Some of the plantations are aged and natural disasters over the past years also helped destroying others.

Orchards also decreased in surface area year after year, while production dropped both in quantity and in quality. This came as a result of deforestation, with the implementation of the land law, aging, natural disasters and lack of funds to maintain the trees. The orchard and nursery areas dropped by 15% in the period of 1998-2005.

Livestock raising (*The evolution of livestock over the analysed period is presented in Annex 1.10*) saw a decrease in the number of animals during 2000-2005: cattle (-9%), pigs (-8 %), sheep (-9.5 %), also because fodder became more expensive. The number of poultry increased, however, by 24.5%, and the number of bee families by 43.2%.

Total meat production (*The evolution of animal products over the analysed period is presented in Annex 1.11*) expressed in thousand tones live weight increased by 4.2% during 2000-2005. The breakdown by species shows increases of 23% for poultry, 16% for beef and 1.8% for mutton. However, pork production decreased by 9.8% over the same period. Total milk production (including calf consumption) increased by 14% over the same period, and for cow and buffalo milk by 12.0%. The egg production increased by 37.5%, and chicken eggs by 41%. The honey quantity increased by 77%.

*The SAPARD Program facilitated the following investments (during December 2003 – September 2006): greenhouses (14 new buildings and 5 upgrades, on 7.38 ha); orchards (17 projects on 381.2 ha) and vineyards (17 projects on 611.8 ha). In livestock raising, animals with a high genetic potential were procured: 709 liking cows, 170 sows and 2250 sheep and goats.*

### 1.1.3. Structural disadvantages in agriculture

As shown by the results of the General Agricultural Census in 2002 and the Structural Survey in Agriculture in 2005, the main issues in Romanian agriculture are: a very large sector of subsistence and semi/subsistence agriculture (made up of small individual holdings<sup>5</sup>), poorly equipped, with a relatively low yield, making an incomplete use of the owners' work and using most of the production of their own consumption. This situation is counterweighted by the large commercial holdings (legal persons<sup>6</sup>), made up of concessioned or rented plots (covering more than half of the area), which are relatively well equipped, with high yields, but which still do not use the land to its true potential.

The intermediate sector, that of commercial family holdings (larger individual farms) is not very much developed, as compared to the situation in other EU member states.

Thus, in 2005, there were 4,256,152 holdings in Romania, 5.1% less than in 2002, while there had been 4,484,893. Individual holdings, about 4,237,889, dropped by 5.0% from 2002, while legal persons dropped by 19.4%, from 22,672 in 2002, to 18,263 in 2005.

The average areas of the two types of holdings, individual and legal persons, shows the distance between the two agricultural models in Romania. The agricultural area used by an individual holding increased in 2005 against 2002, from 1.73 ha to 2.15 ha. Over the same period, the areas used by legal persons dropped by more than 10 ha, from 274.4 ha to 263.1 ha. The decrease can be explained by the downsizing, or even closure of some of the companies, while the land returned to the use of individual holdings, in some cases. The average national area used by an agricultural holding was of 3.27 ha.

The overall agricultural area used is almost equal with that in the two years used as reference: 13,907 thousand ha used in agriculture 2004-2005, as compared to 13,931 thousand ha used in 2001-2002. 65.5% of this area belonged to individual holdings in 2005, on an increase by more than 10% from 2002, when it covered 55.3%.

The average economic size of the holdings in 2005 was of 1.1 ESU. Out of the total number of 4,256,152 holdings, only 1,246,159 are above the threshold of 1 ESU, while the rest, which are considered subsistence farms by Eurostat, cover 71% of the total number of holdings. However, because there are many small holdings in Romania (subsistence and semi-subsistence) for which there is no real possibility of restructuring, the share of holdings taken into account for support to become commercial holdings will only include semi-subsistence holdings between 2 and 6 ESU (about 320 thousand holdings). Out of the total number of holdings, 90.96% are smaller than 2 ESU, 8.99% between 2-100 ESU and 0.05% larger than 100 ESU.

As for individual holdings, in 2005, the annual work units for the farmer family (AWU), was of 2,353 thousand, lower by 5% than 2002. Out of the 4,237,889 individual holdings, 3,444,757 (81.3%) use more than 50% of their own production.

The technical equipment of individual holdings was also improved during 2002-2005, with 4% more tractors, 26% planters, and 30.7% combines. However, because the arable area was larger by 848 thousand ha in 2002 against 2005, the arable area per one tractor increased from 37.3 ha in 2002 to 41.5 ha in 2005.

<sup>5</sup> The individual holding does not have a legal personality and is made up by one or more people using land or raising livestock together.

<sup>6</sup> Holdings with legal personality may be companies, LGUs, agricultural associations or any other type (foundations, religious settlements).

The education level of the managers of individual holdings showed that, out of the 4,237,889 people occupying this position in 2005, 4.4% had no formal education, and 56.6% (2,387,371 people) had basic education (primary or gymnasium), while those with complete studies (secondary school, vocational school, higher education) represented 39.3% of the total number of holding managers. Out of this last category, 18.5% (308,254 people) graduated specialized agriculture studies.

#### **1.1.4. The need for investment in restructuring agriculture**

Romania still has an important gap compared to the older EU member states, with regard to agricultural equipments. Since 1998 the number of tractors and machines increased for tractors, ploughs, disk harrows, sowing machines and cultivators. However, the increase rate was insignificant, which led to long harvesting seasons, poor crop quality and high losses of harvested outputs.

The number of cereal combines decreased, although the ratio of cereals is still prevailing in agriculture, with an average load of about 105 ha cultivated land /combine. The equipment level in agriculture (*The evolution of technical equipments for agriculture over 1998–2005 is presented in Annex 1.12*) is not adjusted to the varied local production conditions (type of soil, slope, climate, soil resistance) and not able to perform the mechanical works during the best periods for production. For instance, existing tractors only cover 48% of the needs during the best period, while most of them are worn out and obsolete (more than 50% of the existing tractors are more than 8 years old).

*The SAPARD Program facilitated, during December 2003 - September 2006, the purchase of 7,659 performing machines and equipments (mostly tractors and combines), for 1,344 approved projects. Moreover, 550 buildings were put in place (of which more than 50% stables for cattle and about 25% pigsties) for 227 approved projects.*

In 2005 Romania had an irrigations network covering around 2.8 million hectares, of which 1.5 million hectares of irrigation infrastructure recently rehabilitated. This large irrigation infrastructure was underused in the last decade (*The evolution of irrigated areas, usage of irrigation systems and the number of irrigation installations over 1998 – 2003, are presented in Annexes 1.13 and 1.14*). A simple comparison between the area covered with irrigation infrastructure and the usage of irrigation systems, shows that, between 1998-2003, the actual irrigated area (at least one sprinkle) varied between 15.6-37.9% of the total area covered with irrigation infrastructure recently rehabilitated.

The storage facilities for agriculture commodities (silos) , particularly cereal storage, has high storage and conditioning costs, and many silos and storage rooms cannot guarantee the standard storage conditions regulated by national legislation. Only 60% of the existing storage facilities are still active and only 20 % updated according to the European norms (2003 situation).

#### **1.1.5. Agricultural development by regions**

The national territory is split into eight macro-economic regions (NUTS2). The eight macro-economic development regions are not territorial administrative structure but rather informal organizational structures made up of an average of 4 to 6 counties (NUTS III) each. All the regions contain the main forms of relief: plain, hill, mountain, except for the development region of Bucharest-Ilfov which has only plain (*The counties which are part of each development region are presented in Annex 1.1*).

The North-Eastern development region shows a rural character higher than the national average (56.5% as against 45.4%) and the population represents 17% of the national population; moreover, this is the only region with a positive natural population growth, the age segment 15-34 being representative.

In terms of agricultural and arable area, the South-Eastern development region stands in the first position in the country, with the biggest ratio within the Romanian agricultural production.

Animal breeding holds different ratios within the rural economy of the North-Western and Central development regions.

The South-Eastern development region holds the biggest wine producing surface (4.2% of the agricultural surface of the country as against the national average which represents only 1.7%).

With the exception of the development region of Bucharest-Ilfov, characterized by a strong economic development due to the country capital proximity, the South-Eastern development region (South Muntenia) defines itself by a complex and diversified food processing industry; moreover, the Western development region counts among the most devel-

oped regions of the country, as all the economic sectors are well represented in the economy of the region and the services follow an intensive development trend. The South-Western development region (Oltenia) has a huge potential in terms of tourism and agro-tourism due to the diversity of the relief, to the natural reservations, to the special flora and fauna and to some specific resources such as spa stations and mineral waters. The most representative region in terms of the agro-tourism infrastructure is the Central development region.

#### 1.1.6. Restructuring the food industry with a view to EU accession

The value of food industry increased during 2000-2005 by 40% as against 2000 (NIS -2006). Labour productivity/employee in the food industry increased during 2000-2005 by 12%. The ratio of the food industry inside the processing industry is of about 12% of the industrial production in 2005, but going down slowly (in 1998 the ratio was of 16%), which means that the food industry, together with the whole processing industry, is going through a period of restructuring.

The most important areas in food industry are mills and baking, on a decreasing trend, however (22% in 2002), the meat industry, recorded an increasing trend (in 2002, 21%), oil industry, with the most spectacular increase (the ratio in 2002 was of 13%) and dairy industry (by 6% in 2002).

The main food products (*The dynamics of the physical production of food, beverages and tobacco over the analysed period is presented in Annex 1.15*) had different evolution paths between 1998-2005. Physical production increases were scored for the following groups of products: meat products (+55%), canned meat (+62.9%), fresh dairy products (+73.9%), edible oils (+34.4%), cheese (+39.3%). Production for the following groups of products decreased: meat (-29.2%), canned fruit and vegetables (-2.7%), milk (-16.5%), wheat and rye flour (-69.0%).

Enterprise productivity differs with the activity sector. If labour productivity (GVA per employee) was in 2004 of about 5,000 Euro on an average for the whole food industry, in the beverage industry productivity was twice as high, and in the tobacco industry three times. Only in the oil industry productivity was higher than the average food industry productivity (137%), while almost all of the other industries had a productivity level between 70 and 80 % on an average, with a lower productivity for the dairy industry (61%).

Two thirds of the food industry enterprises are small (less than 9 employees), and about 1% are very large (more than 250 employees). The average number of employees in the overall food industry was of about 200,000 in 2004.

There are about 11,000 enterprises in the food industry, with an increase of 585 enterprises during 1998-2006. Food industry enterprises have problems because of their lack of compliance with European standards (including the ISO and HACCP systems), and need important investments in upgrading and modernization.

Thus, the situation of compliance in meat production and processing in February 2007 shows that, out of a total number of 366 units, 42 are in line with the European Union norms and authorized for community exchanges, 112 are in process of getting this authorization, while 212 are approved for a transition period until 31<sup>st</sup> December 2009.

For the dairy industry, out of a total number of 279 units, 33 are in line with the European Union norms and authorized for community exchanges, 108 are in process of getting this authorization, while 138 are approved for a transition period until 31<sup>st</sup> December 2009.

*The SAPARD Program facilitated (during August 2002 – September 2006) the upgrading of existing processing units and marketing, thus correcting some of these shortcomings, as follows: 35.8% for slaughtering, 22.7% milk processing, 2 % wine processing. A number of 2,232 jobs were created, of which most in the meat processing industry (1,243) and dairy (515).*

#### 1.1.7. Foreign trade and export competitiveness

After 1990, Romania became a net importer of produce and food products. The balance of trade deficit is increasing every year, reaching 1.3 billion Euros in 2005, coming from exports (*The status of exports is presented in Annex 1.16*) of 673.3 million Euro and imports of 2,021.9 million Euros.

In 2005, the produce/products for which there was a positive balance of trade (totalling 430 million Euro), were: barley, wheat, maize, livestock (cattle, sheep, horses), sunflower and soybean oil, wines, cheese, honey, canned meat and meat products, pressed sunflower seeds, nuts.

The produce/products for which there was a negative balance of trade (totalling 1,779 million Euro), more than half

of that (1,041 million Euro) coming from products for which the domestic production does not cover consumption: live pigs and pork, flowers, fresh vegetables out of season, orchard fruit, sugar, malt, lard, canned fruit and vegetables, hops, tobacco.

An analysis of the competitiveness of Romanian produce and food products in the trade with the EU states over 1999-2004, based on the indicators of commercial advantage, identifies that the following products are competitive: livestock, materials for weaving and other vegetable products, seeds and fruit, industrial and medicinal plants, edible roots and tubercles, edible fruit, animal grease or vegetable oils. The conclusion of this analysis is that Romanian food products are, generally speaking, at disadvantage, because the food industry is not competitive.

### 1.1.8. Forestry

#### • Forestry

Less than 27 % of Romania's territory is covered by forests, which is under the European average and well below what researchers consider, given the country's natural conditions, the optimal threshold estimated between 32-35% from the total country's territory. At the end of 2005, national forestry area had a surface of 6,391,000 hectares, out of which exclusively forests on 6,233,000 hectares, 29% being resinous and 71% broadleaved. Remaining 158.000 hectares are lands designated to further afforestation, lands allotted for culture, production and administrative purposes or unproductive lands included in forest management plans. (NIS 2006)

The forest area was relatively constant between 1998-2005, 6.366.000 hectares and 6.391.000 hectares (INS 2006), respectively. One of the objectives on the long run for the forestry sector is the extension of the forest area from 26.8 % today to approx. 32 %.<sup>7</sup>

Legal frame on land property restitution was reconsidered by the Law 18/1991, Law 1/2000 and Law 247/2005 on the reform of ownership and justice. Thus, it is estimated that the private and local public property will be 65 % out of national area of forests. Following the restitution of properties a fragmentation of the property is one recent feature of Romanian forests. The current approach is either to create associations of forests owners or the fusion of forests in order to have a sustainable management of forests. Strengthen of private ownership on forests under both increased efficiency and respect of forest norms represents a top priority for the forest sector in Romania. Private owners are required (as per GOR legislation passed in October 2005) to organize themselves in forest districts and hire forest rangers or contract this service with Romsilva or other private forest districts<sup>8</sup>. So far there were settings up 106 private forests districts which are managing over 1.000.000 ha forest. *An outlook on the structure of the property is attached in Annex 1.17 and Annex 1.18).*

Significant part of the Romanian forests are located in the mountains, 51,9 %, while in hilly areas are located 37,2% forests and 10,9% of forest are located in plain areas. Standing wood volume of forests from the national forest fund is 1341 mil. m<sup>3</sup>. The average wood volume is 218 m<sup>3</sup>/ha.. The unitary average growth of forests is 5,6 m<sup>3</sup>/year/ha. (the study Romanian Forestry Status 2005 made by MAFDR).

The total volume of wood exploited was 15.671 thousand m<sup>3</sup> for the year 2005 and this wood volume had two destinations, for economic operators having forestry activity (11.783 thousand m<sup>3</sup>) and for population supplying (3.888 thousand mc)(INS 2006). An outlook of harvested wood over 1998-2005 (MAPDR 1998/2004) is presented in the Annex 1.19.

The wood harvested from the state forests is being sold by public auctions, while the forest owners could commercialize independently their wood. In both cases the wood logging is fulfilled by authorized economic operators. Currently, in Romania, they are authorized around 3200 economic operators which employ around 32800 workers. (economic operators authorized by MAFDR until 2006)

Regarding illegal logging we currently assist this phenomenon in Romania, which annually is around of 100.000 m<sup>3</sup>. The main causes of the illegal logging are the wish for rapid incomes, the poor living standard of habitants of the rural areas, the small dimension of property, unsuitable organization of the wood processing. The approach to control the phe-

<sup>7</sup> This policy for the extension of the forest area is sustained by environmental reasons and by improvement of soil fertility of already degraded areas. It will contribute as well to the reduction of greenhouse gas emissions in accordance with the Kyoto Protocol.

<sup>8</sup> Forestland owners are required –in a maximum 6-month term after receiving the ownership right- to provide organized forest management, as per the current legislation. If they do not contract this service with the State, they may set up private forest farms (of a minimum required size of 3,000 HA in plain regions, and, respectively, 5,000 HA in hilly regions and 7,000 HA in the mountains), authorized by the State. Timber removals from forests that are not managed in such an authorized manner are considered illegal.

nomenon comprises: legislative, administrative and institutional measures. To combat illegal logging and the illicit commerce of wood, it was modified the law of penalties in forestry and enforced the legal frame responsible with the control of forest regime application. Romania is acting in this field according to the program pan-European ENA-FLEG, as well. As regards the surfaces affected by illegal logging, the forest owner, whose land was deforested by illegal logging has the obligation to regenerate the surfaces within 2 years time since deforestation occurred. An outlook of the *illegal logging in the state forests* is presented in **Annex 1.20**

Forest roads cover less than 42,000 km, that is about 6.4 m/ha (according to the Study regarding accessibility of national forest area realized in 2006 by the Forestry Research and Management Institute), one of the lowest density in Europe (compared for instance, to 20 – 25 km/ha in Austria, Switzerland, etc), which represents a major constraint to a proper management of the national forest reserve. This results in more than 2 million ha of forests practically out-of-reach for technical and economic reasons. The poor infrastructure (lack of roads, cableway and railway) typically limits the amount harvested at lower levels and huge energy costs and leads to forest over-logging in the easily reachable areas, and induce unsuitable technologies applied in the areas where the access is difficult. The poorly maintained roads further contribute to erosion during the exploitation. The modest amounts invested yearly in forest infrastructure may trigger a real issue in the medium run, as wood resources in accessible forestland dry up. A reasonable increase of road network and its periodical maintaining is necessary in order to diminish these effects. Consequently the investments needed to be achieved for the improvement of these sectors will focus on the increase the quality of products as to reach the European Union standards, in correlation with environment protection and labor protection, thus to increase the values of products.

Logging and primary processing of wood is not developed and the obsolete technology is not renewed according the needs, considering that the specific investments are important and the own finance sources are limited. Wood primary processing industry, exclusively the furniture makers, involves 7.500 employees, while the number of enterprises in the sector of wood and wooden products manufacturing (except furniture) is 7450 and the employ around 84000 (NIS 2006).

Forestry industries in Romania (exploitation, woodworking and furniture) accounted in 2005 for 3.5% of GDP and for about 7% of the manufacturing sector output (based on INS data for 2004 – GVA from wood manufacturing and furniture) produced by 10% from the total employees in industry (an increase of labour productivity with 43% in 2005 as compared to 2000 in wood and wooden products manufacturing and 33% in the furniture industry in the same period). (Estimations based on NIS data - total number of employee in wood and furniture sectors. It is difficult to estimate a correct figure regarding the labour productivity in the forestry sector because of inconsistency of statistic data). The sector continues to contribute to over 9% of country's exports and, respectively, 1.2% of country's import value.

Forest due to their multiples functions, offer important resources to the national economy. Besides the wood there are other forests products such: osier, seeds, seedlings, forests fruits and mushrooms, winter trees, mountain waters fishes, etc. The rich landscape, the heritage of flora and fauna form the Romanian forests as well as some "islands" of "virgin forests" unique in Europe, ranging from Danube Delta to alpine area, represent an important assets for ecotourism that is worth to be exploited according its true value. The hunting activities represent also a source of income both through the products (meat, animals and trophies), taxes, concessions and associated services if they are exploited rationally.

Tacking into account the property structure (small areas/owner) and the unfinished registration is necessary to support the management forest activities in order to increase the economic, ecological and multifunctional values of forests.

#### • **Infrastructure**

Taking in account that the land restitution process, for the agriculture and forestry sector, was not finished in 2003, as well, the large number of individual farms it was impossible to set up the farm and forest exploitations for creating the agriculture and forestry infrastructure.

Budget funds and external loans in forestry field:

Public funds means the budget allocation which belongs to Ministry of Agriculture, Forestry and Rural Development budget, within the chapter "Internal transfers – Economic operators investments having state capital". These funds are used for works and objectives which belongs to state public patrimony (torrential correction works, ecologic reconstruction works, rehabilitation of forestry roads works, planning works, acquisition of horses from national genetic patrimony) and funds annually earmarked which belong to total land amelioration fund having forestry destination. The total land amelioration fund was set up in conformity with Law nr. 18/1991 and it is used in conformity with the Ministry Order nr. 499/2005 for the afforestation of degraded lands (amelioration perimeters). An outlook of investments made for period 2004 – 2006 from budget funds and external loans is present in the **Annex 1.21**.

For the year 2004 the program was financed 49 % by budget (28.299 thousand lei) and 51% by external loans (29.360 thousand lei). This program has been accomplished 92% by now, achieving: 99.28 km hydrographic network consolidation and 105.7 km forestry roads.(MAFDR-2005)

For the year 2005 the program was financed 82% by budget (33050 thousand lei) and 8% by external loans (2.746 thousand lei). This program has been accomplished 99.8% by now, achieving: 1.7 km hydrographic network consolidation, 31.9 km forestry roads and 137.3 ha plantation.(MAFDR 2006)

We would like to mention here funds earmarked in 2005 from the state budget represent only 67% from total budget funds for year 2004.

For the year 2006 the program was financed 100% by budget. This program has been accomplished 92.3% by now, achieving: 79.57 km hydrographic network consolidation, 69.6 km forestry roads and 1394 ha plantation.(MAFDR 2007)

Regarding Forest Development Project, for the rehabilitation and extensions of forestry roads component the investment volume is around 12,7 million dollars which means 80% loan from BIRD and 20% RNP Romsilva.

Regarding the Project concerning the management of torrential basins and forestry road reconstruction in the area with a major risk of flooding in Romania. the cost of project is around 71,4 millions euro, 48 millions euro from BDCE loans, 12 millions euro state budget and 11,4 millions euro RNP Romsilva source which means VAT.

In the case of Forest Development Project and Project concerning forestry road reconstruction in the area with a major risk of flooding in Romania, the beneficiaries are Romanian State forests.

**Table 2.** Comparison of relevant indicators for Axis 1

Area	No. ind	Indicator	Measurement	Romania	EU	Obs.
Agriculture	4	Training and education in agriculture	% farmers with basic and full education attained	7.3	EU15=17,5	EU15 excl. SE, 2000 INS 2005 (head of holdings ,ASA)
	6	Labour productivity in agriculture	GVA / AWU - total and by sector.	14	EU25=100	Average 2002-2004 EU25=16862 Eur/AWU For RO n.a. data by sector (FADN)
Food industry	10	Labour productivity in food industry	GVA / people employed in food industry (thou. Euro/employed)	5.0	EU15=49.8	EU9 (of 15), 2002 RO, 2002, incl.hunting NIS 2001
Forestry	14	Labour productivity in forestry	GVA /people employed in forestry (thou. Euro/employed)	3.4	EU9=43,9	EU15, 2003 NIS 2004
	14	Average annual increase of forests and other wooded areas (thousand hectares)	GVA /people employed in forestry (thou. Euro/employed)	34.27	EU 11=494	NIS 2006

## 1.2. Environmental situation

### 1.2.1. Principal characteristics

Romania's territory is represented in a relative equal proportion by three geographic units – plain, hills and mountains, with a high level of pedo-climatic and landscape diversity classified in about 52 eco-regions. The eco-regions include aquatic and terrestrial types of ecosystem characteristic for the Black Sea coastal and littoral area, steppe, forestry - steppe, hill, mountain, lakes, rivers and their meadows, wetland, grassland, marsh and rock areas, and the very specific Danube Delta ecosystem. Romania has a unique natural heritage, offered by Carpathian Mountains (65% of the Carpathian eco-region) as well as by one of the most important wetlands in Europe, Danube Delta (the second as size in Europe). It is worth mentioning that 30% of European population of large carnivore and about 300,000 ha of virgin forests are located in Romania. The Carpathian Mountains and the Danube Delta are hosting some endemic species among which species with high EU interest.

During the last 16<sup>th</sup> years natural conditions and landscapes of Romania have been influenced by the restructuring of economy and by the development of new economic activities. The sustained economic growths recorded over the last seven consecutive years have put a threat of overexploitation of some natural resources. Under these conditions, many species of plants and animals are in danger and the modification of the landscape is an important indicator for environmental deterioration. Radical changes occurred in the agricultural sector such as the fundamental change of farming pattern (from a limited number of very large commercial farms to millions of tiny family households) extensification and technological decline (low chemical use), abandon of large area of agricultural land, return to more traditional type of agriculture have influenced many environmental conditions of Romania's agricultural utilized areas.

Abandonment of agricultural land and unsuitable farming practices (stubble burning, ploughing against the slope) due to lack of knowledge or limited financial resources negatively influenced the countryside biodiversity and stimulate the soil erosion. The decrease of animal livestock lead to abandon of traditional grassland therefore degradation of pasture land but, on the other hand, the change of farming pattern due to excessive fragmentation of land had a major impact on preservation of traditional rural landscapes and rich bio-diversity.

(The dynamic of land use between 1990-2000, based on the analysis of the maps by Corine Land Cover, is presented in the table in *Annex 2.1*). Despite the general trend of extensification and low use of chemical, some agricultural areas were adversely affected by incorrect use of fertilizers and pesticides, incorrect irrigation and drainage practices, the applied mechanization. Therefore the environmental factors (especially land and water) were brought in a very bad condition in such spot areas.

#### • *Less favorite areas (LFA) for Agricultural Production*

Many Romanian rural areas are considered **less favored areas (LFA)** either because some natural handicaps will only allow a restricted land use (limited number of crops could be cultivated due to very short vegetation season, temperatures below averages, etc.), or because the natural conditions required additional costs for use of land in that particular conditions. Many of these areas are located in the Carpathian Mountains (mountain area in *Annex 2.2*) where the high altitude and slopes of the fields constitute real natural handicaps for the farming activity and where in order to keep the farming activity farmers have to borne additional costs. Apart from these areas there are other **areas with significant or specific handicaps**, which allow restricted land use and production because of the difficulties imposed by natural factors (the potential of productivity due to natural conditions are reflected in the established economic value of agricultural land presented in *Annex 2.3*). In this last category there are included:

- areas with water erosion – basins, ravines, torrents
- areas with very low level of humus,
- areas with extreme aridity index values,
- areas with high level of soil moisture or prone to floods (*Annex 2.4*),
- areas with salts or acids (*Annex 2.5*),
- sandy areas and areas prone to desertification, and
- areas with extreme conditions of the land (with clay or sand).

The mountain area in Romania is delimited by the national legislation. Area classified as mountain exists in 28 counties, 826 communes and 3536 villages. A population of 2.905.377 inhabitants (approx. 13,2 % from Romania's population) is living in the mountain areas. 1.307.869 of them are farmers, 954.922 rural households of which, 815.813 have agricultural land. The mountain area covers 7.325.274 ha land, out of which 2.894.573 ha agricultural land (12,14 % from Romania's territory and 19,67 % of the country's agricultural land) and 4.430.701 ha non-agricultural land (18,59 % from Romania's territory and 48,57 % from the whole non-agricultural land). Sandy lands have a restricted reparti-

tion over Romania's territory, for example in Oltenia lowlands, Carei lowlands, Bărăgan lowlands and in parts of the Danube Delta. Areas with high risk of aridity represents about 0,4 million ha and have a very low groundwater level. Some of these sites have high specific biodiversity components.

### 1.2.2. Biodiversity Conservation in Agriculture and Forestry

#### • *General Characteristics of Biodiversity*

Romania is a country with a high level of biodiversity, both as regards the number of ecosystems and the number of species. During the last 16 years, both the natural conditions and the rural landscape were affected by the evolution of economic activities, the radical farm restructuring process, abandonment of land, etc. (the changes in land use between 1999-2000 results from the table in *Annex 2.1*). *Annex 2.6* presents the land use in Romania according to the maps of Corine Land Cover; the areas with extensive agricultural activities or with other activities with strong impact on the environment are illustrated. In these conditions many species of plants and animals are threatened to disappear and the modification of the landscape is the first indicator for environmental deterioration.

Regarding the **Flora**, 3700 species of plants were identified in Romania, out of which 23 are declared under protection, 74 are extinct, 39 are endangered, 171 are sensitive and 1.253 are rare. 181 species are included in the "Red List of Superior Plants in Romania" (published by the Romanian Academy and The Institute for Biology in 1994) as endemic, rare or vulnerable species. 57 endemic taxons and 171 subtaxons were identified; the endemic species represent about 4% of the species found in Romania. A significant number (60%) of the estimated taxons in Romania are represented by the species that are typical for alpine and sub alpine permanent grasslands, grasslands and mountain meadows.

Regarding the **Fauna**, 33.792 species of animals were identified, of which 33.085 non-vertebrate and 707 vertebrate species. Out of 191 species of fish, 38 are in a bad conservation status (11 species are endangered, 16 are vulnerable and 11 are rare). From the 20 species of amphibians 12 are in a bad conservation status (3 are endangered, 9 are vulnerable), from the 30 species of reptiles 5 are in a bad conservation status (4 species endangered and 1 vulnerable), from the 364 species of birds 35 are in a bad conservation status (18 species are endangered and 17 species are vulnerable) and from the 102 mammalian species 58 have a bad conservation status (19 species are endangered, 26 species are vulnerable and 13 species are rare). Following a recent survey a number of 5600 brown bears (60% of the European population of brown bears – *Ursus arctos*) were identified, about 3000 wolfs (40 % of the European population of wolfs – *Canis lupus*) and 1500 lynx (40% of the European population of lynx – *Lynx lynx*), these species are symbols of the wildlife and of the natural habitats and can be used in order to repopulate other areas of Europe, where a regress occurred. The aurochs, a rare animal protected by law, disappeared from our forests for more than a century ago and lives only in natural reservations.

The natural and semi-natural ecosystems cover 47 % of Romania's land territory offering a wide range of **habitats**. 783 types of habitats were identified and characterized (13 coast habitats, 143 habitats specific for wet areas, 196 habitats specific for grasslands and meadows, 206 forest habitats, 90 habitats specific for dunes and rocky areas and 135 habitats specific for agricultural land) in 261 areas analyzed in the whole country. There are also a number of 44 areas with avifaunistic importance, with a surface of 6,557 km, representing 3 % from the country's surface.

#### • *Protected Areas*

Among the EU27 member states Romania has the greatest **biogeographical diversity** (5 biogeographical regions out of the 11 at European level), most of them are in a good conservation status (Biogeographical regions in Romania are presented in *Annex 2.7*). From the 198 types of European habitats, which 65 are priority habitats, 94 types of habitats are in Romania, are of which 23 are priority habitats at EU level and their conservation imposes designation of some Special Areas of Conservation (SAC).

The Romanian rural area is very rich in natural amenities reflected into specific valuable landscapes. The wide variety of rural landscapes is the result of combination of geography with farming, forestry and other rural activities over a long period of time. However, the economic and social changes occurred over the last 16 years has had direct consequences over the way farming, forestry and other rural activities are conducted with direct effects against the traditional rural landscapes. Over fragmentation of land ownership, dismantlement of large farms has changed substantially the general pattern of land use (the situation at national level for 1990-2000 is presented in *Annex 2.1*), and consequently the general rural landscape. Other non affected landscapes are under the threats. The total surface of the natural **protected areas** in Romania is approx. 1.886.705 km<sup>2</sup>, covering about 7,83 % of the country's territory. It includes the "Danube Delta" Biosphere Reservation – 576.216 ha, 13 National Parks – 318.116 ha, 13 Natural Parks – 772.128 ha,

981 Natural Reservations – 179.193 ha and 28 Special Environmental Protected Areas – 21.052 ha) (National Network of Protected Areas in Romania *Annex 2.8*).

Out of these, several protected areas are of great interest, at national as well as on international level, having a multiple status:

- Danube Delta Biosphere Reservation – Biosphere Reserve (UNESCO Biosphere MAB Committee – „Man and Biosphere”), Wetland of International Importance (Secretariat of the Ramsar Convention), and World Heritage Site (UNESCO)
- Retezat National Park – Biosphere Reserve (UNESCO Biosphere MAB Committee – „Man and Biosphere”);
- Rodnei Mountains National Park – Biosphere Reserve (UNESCO Biosphere MAB Committee – „Man and Biosphere”);
- Brăila Small Marsh National Park – Wetland of International Importance (Secretariat of the Ramsar Convention).

At the European level conservation and sustainable use of natural resources involves specific measures for wild species, including the establishment and management of NATURA 2000 ecological network. Preparatory work was already undertaken to secure quick implementation of Natura 2000 network in Romania (Areas proposed to be included to the Natura 2000 sites in Romania are in *Annex 2.9*). Up until now extensive work was carried out to identify the sites to be included as Natura 2000 sites as follow:

- 148 sites SPA (Special Protected Areas) representing approx. 14,06% of the Romanian territory,
- 229 sites SCI (Sites of Community Importance), representing about 7% of the Romanian territory. The area of the Natura 2000 sites will be completed until the end of 2006 and it is estimated that approx. 10% of the country’s forests will also be included in this network.

The successful implementation of Natura 2000 network in Romania is expected to guarantee a favorable preservation status for habitats, flora and fauna of Community importance.

#### • *Biodiversity Conservation on Agricultural Land*

Many **High Natural Value farming systems (HNV farming systems) are still present** in Romania. Based on recent analysis performed by the MAFRD, approx. 3.32 million hectares of Romania’s agricultural land can be classified as area with high natural value. (High natural value agricultural surfaces in Romania in *Annex 2.10*). Therefore HNV areas covers approx. 13.93% of Romania’s territory and approximately 22.56% of the agricultural utilized area. These studies were based on different thematic layers of maps produced by Corine Land Cover Program in 2000. These maps containing different types of extensive land use, with aspects specific for HNV areas, show that there are important surfaces covered by permanent grassland, natural meadows and other important agricultural land which due to the biological diversity, many of these surfaces have been classified as protected areas (overlapping of HNV areas with the National Network of Protected Areas in *Annex 2.11*). The natural and semi-natural grasslands represent the most valuable ecosystems out of the agricultural land surfaces, but the abandon in some parts of the country of traditional agricultural activities (grass mowing, grazing) led to a degradation of habitats and landscape modifications. A tendency appears in mountain areas to abandon traditional agricultural activities on natural and semi-natural meadows, leading to the modification of ecosystem structure and landscape (the extent of the phenomena associated with the abandon of agricultural activities are presented in *Annex 2.12*).

Regarding the **biological pollution indicators**, relatively few studies have been carried out on the species living in habitats represented on agricultural and forestry lands and the existing data is punctual. In general it can be said that these communities are well preserved, and they are not threaten by major pressure and risk factors. This fact is probably due to the mainly extensive character of the Romanian agriculture. However in particular cases there are also areas under pressure by human activities which led to an unfavorable evolution of the preservation of wildlife. The distribution of some representative bird species distinctive for agricultural surfaces and the preservation of these populations are presented in *Annex 2.13*. Monitoring of the farmland birds population for Romania was started in 2006. Data collected were not enough to provide the farmland birds index (FBI) for Romania in 2006. A collection of data for several years will allow to produce the FBI and it will give an accurate vision of the trends of farmland population in the EU. The list of farmland species (*Annex 2.14*) which are important for Romania was made by Romanian Ornithological Society (SOR), and the list will need a permanent update for producing the real trend of farmland population. Also the methods and monitoring schemes will require further updates.

#### • *Genetic Diversity in Agriculture*

Regarding **Agro-biodiversity**, Romania is one of few European countries where traditional agri-systems represent significant pools preserving the genetic diversity of crop plants and animals at the place of formation and development

(in situ). Preservation of the diversity of species and of the genetic diversity at the level of the individual farms constitutes a key element for a sustainable agriculture.

Regarding the genetic diversity, Romania is interested to preserve some rare local breeds indigenous to specific regions in danger of being lost for farming. The catalogue of breeding mammals includes 79 species (out of which 29 are still active, 19 are endangered and 34 have been extinct). It has to be mentioned that many local species (?urcana, Țigaia – sheep breeds, Carpathian Goat etc.) have a reproduction system in local communities (reproduction isolated on a certain area, without a genealogic register and official control of production, the selection being made according to the preferences of the owners). A special emphasize is put on the preservation of four endangered species: Romanian Steppe (35 animals, Iași county), Rașca sheep (1.708 animals, Caraș-Severin county), Mangalitsa swine (31 animals in Cluj and Neamț counties), Bazna swine (54 animals in Cluj county), but also other species are under scrutiny.

As regard, **plant varieties** there are local plant species, endangered and distributed as follows: Bucovina (Zea mays – corn, Phaseolus coccineus – bean, Solanum tuberosum – potato, Vicia faba – pea), Maramureș (Zea mays – corn, Phaseolus coccineus – bean, Phaseolus vulgaris – bean), Apuseni Mountains (Triticum monococcum – alac wheat, Zea mays – corn, Phaseolus coccineus – bean, Solanum tuberosum – potato). In some regions of the country (the Romanian Lowland, the Western Lowlands, and the Transylvanian Plain) the intensive agriculture on compact agricultural land exerts pressure on the elements of biodiversity.

#### • *Biodiversity Conservation in Forestry*

Finally, regarding the relationship between **forests and the management of biodiversity**, Romania is one of few European countries that still have virgin forests – approx. 300.000 ha, mainly located in the mountain areas. All forests have multiple environmental and social values, e.g. wild life habitats (especially those situated in potential Natura 2000 sites), assuring the protection of torrential hydrographic basins, fulfilling the most diverse protection functions and assuring, also important social nature services for human communities. In the cases were these values are considered to be of high or critical importance, the forests may be classified as forests with high conservation value. Until the end of the year 2005, 1119,7 thousand ha of Romanian forest have been certified (FSC System).

According to national legislation, Romanian forests are divided in two functional groups, as following (the study Romanian Forestry Status 2005 made by MAFDR):

- 53.3% forest with special protection functions (water protection, soil protection, climatic protection, wildlife and recreation)
- 46.7% forest with both production and protection functions.

Over 9% of forestry area (574,878 ha) means forests in the protected area, their managements targeting to biodiversity conservation. (source Romsilva National Forest Administration 2006 – management of forest area within National Parks)

### 1.2.3. Natural Resource Management in Agriculture and Forestry

#### • *Soil*

In general Romania is recognised as a country with good quality of soil, a large part of the country's soils falling into the upper categories of soil fertility. However, a large part of the soil is affected or show high risk of soil degradation because of erosion, acidification, alkalifying, excessive moisture or draught, salt consistence and compaction. Soil erosion is a largely spread phenomenon.

The main process of **soil degradation** is generated by water erosion, which together with landslides affects more than 7 millions ha of agricultural land. The strongest erosion process could be observed in Moldavian uplands, Sub - Carpathian hills situated between Trotuș and Olt, Getic uplands, and in Transylvanian Tableland (maps showing the areas affected by erosion as well as the intensity of erosion are included in *Annexes 2.15-2.17*). 126 million tones of soil are lost annually by erosion in the entire country.

The flash floods and regular floods play an active role in the appearance and development of soil erosion. These are very strong in may-august and are due to the torrential rain specific for the continental climate (Annual precipitations are presented in *Annex 2.18*).

The second factor for soil degradation is the **excessive soil moisture** that affects 3,8 millions ha agricultural land and 0,6 millions ha forests (the areas affected by soil moisture are presented in *Annex 2.4*). The frequent drought affects

about 7,1 million ha agricultural land and 0,2 million ha forests (areas affected by drought are presented in *Annex 2.19*).

Another primary natural process affecting soil quality is **salinization** (Salinization processes are illustrated in *Annex 2.5*). This is intensified through some badly applied land improvement techniques such as dike containment, drainage and irrigation. The salinization processes affect about 614 thousands ha and are especially in the Eastern part of the Romanian Lowland and in the Western Lowland.

Soil compaction and crust building play an important role in soil degradation. Compaction affects about 2 million ha therefore 1,3 million arable lands and is due to the use of heavy agricultural machines on soil with too high or too low humidity. The process of crust building affects about 2.3 million hectares.

#### • *Water*

Romania is endowed with all types of fresh water resources (rivers, natural and artificial lakes, the Danube River and the ground waters). The largest resource of fresh water comes from the Danube and other rivers. The Romanian hydrological resources are not spread uniformly across the territory or during the year, therefore there are strong annual fluctuations of agricultural production. Except Danube's water supply, Romania's water resources accounts for an average of only 2660 m<sup>3</sup> Water/inhabitant/year, lower than the European average of 4,000 m<sup>3</sup> water/inhabitant/year. In conclusion Romania belongs to the category of countries with limited water resources and therefore it needs an appropriate water management policy.

The **water deficit of soils** affects Dobrogea Uplands, the Eastern part of the Moldavian uplands and Bârlad uplands, the southern part of the Romanian lowland and the Western part of the West Lowland (Areas affected by frequent drought and aridity-index are in *Annex 2.19*), including also the insufficient regularization of the river flows. A special area with water deficit of soils is the Danube Delta, where despite that this area represents only 13% dry land (the rest of the area is covered by river branches, channels, lakes, streams etc.). Most of this land comprises emerged soils, characterised by a fast drainage and an intensive evapotranspiration process because are developed on sand banks and due to the climate with the highest average of annual temperature and lowest value of precipitations in the country.

Over time there were quantitative and qualitative modifications of the natural hydrological regime in certain areas of the country due to hydrological works, including water catchments, but also due to water pollution.

The dynamic of fertilization, at national level, shows that there is no real "pressure" on the water quality. This situation is the consequence of the reduced capacity of farmers to purchase farm inputs in general and especially chemical products, but recent statistics show an increase trend in the use of chemical and organic fertilizers. The use of pesticides keeps the same trend as the use of fertilizers. (The use of fertilizers inputs at national level is presented in *Annex 2.20*).

An inventory of the sensitive areas was carried out at the end of 2004 at the level of territorial-administrative units NUTS 5 (communes) for the identification process of the nitrates vulnerable zones (Map of the communes which are sensitive areas for nitrates pollution from agricultural sources, historical or current – *Annex 2.21* and the degree of sensitivity in these areas *Annex 2.22*). Based on this inventory, 251 communes with an overall area of 1,138,114 ha agricultural land (from which 809,326 ha arable land) experience pollution with nitrates from agricultural sources (166 current sources and 34 historical sources for pollution). Eutrophication took place especially after 1990 as a consequence of intensive use of chemical products in the past (on nitrogen, phosphor and potassium basis) or as a result of a bad management of waste waters from the large livestock farms or absence of waste water treatment facilities. The worst **quality of groundwater** is in the rural areas, where the sewerage network is underdeveloped or totally missing and the waste water gets directly into underground (through permeable latrines or street dikes) or it gets indirectly (from stable manure dumps, garbage dumps). In some areas the ground water might be polluted and there is no compliance to the quality-standards. The presence of nitrates high rates in underground waters affected human health in some areas.

**Centralized systems of water supply and sewerage** are deficient at national level. The statistical analysis of the main sources of wastewaters in 2005 revealed that out of the total discharged volume of more than 4,034 million m<sup>3</sup>/year, about 2,626 million m<sup>3</sup>/year, representing 65%, are wastewaters needing to be treated. Out of the total volume of wastewater needing to be treated, approximately 21% have been sufficiently treated, other 45% are untreated wastewaters and approximately 34% wastewaters have been insufficiently treated. Therefore, in 2005, almost 79% of wastewater, coming from the main pollution sources, was discharged into the natural receivers, especially rivers, untreated or insufficiently treated.

In rural areas about 67% from the population has no access to tap drinking water and about 90% has no access to sewerage. These aspects affect the quality of water, both surface and underground waters (the waste gets directly in the

underground area (through permeable latrines or street dikes) or it gets indirectly (from stable manure dumps, garbage dumps). In some areas the ground water might be polluted and there is no compliance to the quality-standards. SAPARD Programme brought important improvements to the rural water and sewerage networks. Through the 234 projects financed, the rural water supply was extended by 4.202 km of pipes offering services to 850.000 inhabitants and through the 77 projects for sewerage in rural areas 781 km were added to the existing network providing services to another 310,000 inhabitants.

Several rural areas are affected by excess moisture and floods risk. These “wet areas” are important for the management of biodiversity conservation and are present in various regions of the country: Western Lowland, Danube Valley, Someșan Plateau, Brașov Depression and Siret Valley.

The best example in Romania is the Danube Delta, which is considered as a wetland under the Ramsar Convention, but also areas on the Danube meadows and on the big rivers (Siret, Mureș, Prut etc.)

In Romania the **flood occurrence is frequent**, especially in spring, due to snow melting and blockage of rivers by ice and in summer due to heavy torrential rains, when the rivers exceed the average levels. Over the last 16 years the flood occurrence has increased as a consequence of the climate change combined with illegal deforestation, lack of maintenance of flood prevention infrastructure. Areas that are most affected by floods are along the big rivers Criș, Someș, Mureș, Târnave, Timiș, Olt, Argeș and the Danube meadow. There have been some catastrophic floods in recent years (2005 and 2006) resulting in loss of human and animal lives and drastic alterations of the landscape. Their frequency, and their proportion, appears to be increasing.

#### 1.2.4. Organic Farming

Romanian farmers seized the opportunity offered by organic farming and embark into these farming methods. The **agricultural area cultivated with organic crops** has increased 5 times between 2000 and 2004, respectively from 17,348 ha to 75,500 ha. Of the total area cultivated with organic crops in 2004, the largest share, 27,000 ha, represents natural grasslands and feedstuff crops.. A rapid upwards trend could be noticed for cereals crops (27.95 in 2004) as well as for oilseed and protein plants (27.2% in 2004). For 2005, the areas cultivated with organic crops were estimated at 110,000 ha, representing 0.75% out of the country’s agricultural area. Organic farming methods are gradually adopted by livestock farming. The development of organic farming in Romania is favored by the existence of traditional agricultural systems, extensive in their majority, and the fact that the average use of chemical fertilizers and pesticides is lower than in EU (25).

#### 1.2.5. Climate Change

##### • *Green House Gas Emissions and Climate Change*

The emerging long-term trends in global climate change will inevitably shape the future of Romanian agriculture. Agriculture will continue to be both affected by, and have an effect upon, climate change which makes it different from most other economic sectors.

Romania was one of the first countries to sign the Kyoto Protocol and thereby show its commitment to the fight against climate change by agreeing to reduce greenhouse gas emissions by 8% by 2012. It is now one of the leading new EU Member States in achieving this objective with a reduction of more than 30 % of gas emissions since 1989 (see the evolution of greenhouse gas emissions on activity branches in the period 1989-2002 in *Annex 2.23*). Although it should be noted that this is not solely due to environmental policy, but mainly to the general economic decline during the period 1990 – 1999 and the restructuring of the industrial sector.

The main sources of air pollution and greenhouse gas emissions in Romania are currently the energy producing industry (thermal energy based on the burning of coal and oil still accounts for about 60% of domestic power generation), transportation, and to a lesser extent, agriculture. Low level of mechanization in Romanian agriculture, in contrast with European average, together with small areas covered by greenhouses, are generating a low contribution to climate change. However, the old park of tractors and main agricultural machines, need to be renewed in order to keep a low level of emissions. Available EUROSTAT data indicates that the agricultural emissions of greenhouse gases in 2002 were over 11,02 million tonnes of CO<sub>2</sub> equivalence. Total emissions from agriculture in the EU-12 for the same period were 416,4 million tonnes of CO<sub>2</sub> equivalence.

It is likely that agriculture and forestry can make an important contribution to the further climate change mitigation through:

- the use of **afforestation for the absorption and retention of greenhouse gases**. The role that forests have in binding CO<sub>2</sub> and purifying the air is widely acknowledged. Changes in land use (including afforestation of agricultural and non-agriculture land) directly affects the carbon balance – especially the planting of new forests since younger trees grow more rapidly and absorb more CO<sub>2</sub> than older forests;
- the **supply of biomass as a renewable energy source**. Romania benefits from hydro-power generation, which combined with other modest sources of renewable energy generate about 28.8 % of the domestic energy supply (10% is generated by nuclear power plants). Agriculture and forestry also have the potential to provide significant quantities of biomass, the energy potential of which is estimated to be approximately 7 594 000 equivalent oil tons per year. This includes residue from forest enterprises and firewood (15.5%), sawdust and other wood residue (6.4%), agricultural residues (63.2%), household waste (7.2%) and bio-gas (7.7%) (see energy production from renewable energy sources in *Annex 2.24*). The national strategies for energy development foresee an increase of the ratio of **renewable energy sources** in the total power capacity of Romania. This could be supported by a range of rural development measures to sustain investments for bio-gas and bio-fuel production through the recycling of farm animal wastes and sewage sludge, use of energy crops to produce bio-energy or the application of more efficient production technologies.

#### • *Impact of Climate Change upon Agriculture*

The observed and anticipated effects of climate change on Romania's agriculture and forestry are as follows:

- during the last decade, the incidence of both droughts and floods (see recurrence of floods in Europe in the period 1998-2002 in *Annex 2.25*) has become more frequent with a negative impact on agricultural yields (especially for wheat and corn) and an affect upon flora and fauna species. In some cases, human activities, such as the deforestation of mountain areas, have further increased the incidence and intensity flooding by accelerating the movement of excess rainfall to streams and rivers;
- more than a quarter of the Romanian territory is covered by forested land, including a large number of species and ecosystems. The impact of climatic changes on the Romania's forests has been analyzed with the support of several global climate models. For the forests situated in low land or hilly regions a considerable decrease of forest productivity is forecasted after 2040 because of the temperature increase and the decrease in the volume of precipitation.

#### • *Other Forms of Air Pollution by Agriculture*

Agriculture can also impact negatively upon **air quality** through the emission of various nitrogen compounds including nitrogen oxides (N<sub>2</sub>O, NO, NO<sub>2</sub>) and ammonia (NH<sub>3</sub>). Nitrogen oxides generate important changes in the concentration of greenhouse gases, resulting mainly from the decomposer of chemical fertilizers and the combustion of biomass. Of this the emission of ammonia from intensive livestock farming and the use of ammonia fertilisers on inappropriate soil types are most significant. Agriculture accounts for approximately 80% of ammonia emissions in Romania. When this ammonia is re-deposited to the soil, it has a soil acidifying effect that can damage crops, flora and fauna.

In accordance with the thresholds stipulated in the Gothenburg Protocol (see yearly emissions of ammoniac in *Annex 2.26*) a total ammonia ceiling will be set for Romania from 2010. It is not anticipated that this will be a problem as the present total annual emissions are relatively low due to the reduced number of livestock and disappearance of intensive livestock production units during the last 10-15 years.

#### • *Forestry*

Forest development and management should become an instrumental element of the national flood prevention strategy. Forests can play a higher role in regulation of water flows, in the assurance of water quality and in the **protection for water sources** with a unique character for local communities that have no alternative water resources. This is the case of the forests situated in the protection perimeter of underground or surface water resources, as well as the forests situated on the versants of natural and barrier lakes. Forests play an important role in securing **soil stability**, including the control of soil erosion, landslides or snow avalanches. The afforestation of areas with a high risk of degradation is a priority. The afforestation with native tree species will be directed, primarily, toward agricultural lands with erosion problems and high risk of landslides (for instance Sub-Carpathians hills, in Moldova Region, Romanian Plain, West Plain, Transilvania Plateau and Dobrogea region) or former forestry surfaces, but which due to illegal clearances have started to deteriorate (some parts of Maramures) or the Southern part of the country, were due to the introduction of the irrigation and dam systems, the soil has undergone an acute desertification process.

**Table 3** Comparison of relevant indicators for Axis 2

Area	No. of indicator	Indicator	Romania	EU average (source: Eurostat)	Source for Romania
Utilization of the territory	4	UAA / total national area	58.33%	47.4% (UE 27)	NIS 2005
	5	Forestry area / total national area	26.80%	30.9% (UE 27)	NIS 2005
	8	% of the UAA classified in less favoured areas	N.A.*	55.4% (UE 25)	* project LFA – IER 2000
	29	% of the UAA classified in mountain area	19.67%	16.3% (UE 25)	Situation of mountain areas 2005 – MAPDR
	9	% UAA for extensive grazing	14.11%	22.3% (UE 27)	NIS 2005
	12	Average annual increase of forest and other wooded land area (1000 ha. / year)	34.27	494 (UE 27 - total increase in surface**)	NIS 2001-2005
Biodiversity	17	Trends of index of population of farmland birds (2000 = 100)	N.A.*	96.2 (UE15)	2003
	18	UAA of High Nature Value Farmland areas (Million ha)	3.32	33.6 (UE 27)	Analiza CLC 2000 – MAPDR (indicative)
Water	20	Surplus of Nitrogen (kg/ha)	N.A.*	55 (UE 15)	2000
	21	Trends in the concentrations of nitrate in surface waters (1992-94 = 100)	N.A.*	89.1 (UE 27)	2000-2002
Soil	22	Areas with soil erosion risk (Ton/ha/year)	5.29	1.52 (UE 27)	Diagnosis of the rural area – ASAS – ICPA 2004
	23	% of the UAA under organic farming	0.75	3.41 (UE 27)	Indicative – MAFRD 2005
Climate change	24	Production of renewable energy from forestry (kToe)	1,663	57,590 (UE 27)	MEC 2006
	25	UAA devoted to energy and biomass crops (thousand of ha)	N.A.*	1,383 (UE 27)	2004
	26	Agricultural emissions of greenhouse gases (1000 t of CO2 equivalent)	11,946.5	484,328 (UE 27)	Eurostat 2003

### 1.3. Economic and social situation of the rural areas

#### 1.3.1. Main features of rural areas

The Romanian rural areas cover a very important economic and social territory, both in terms of size and in terms of significant human and natural resources. As mentioned in the beginning of this chapter, rural areas, as defined by national legislation<sup>9</sup> in Romania, cover 87.1% of the area and 45.1% of the population, 9.7 million inhabitants, live here. (NIS 2005) (*See evolution of rural population and its weight in Annex 3.1.*)

<sup>9</sup> From an administrative point of view, the Romanian territory is organized, for NUTS 5, in 319 towns (of which 103 cities – the most important towns), making up the urban area and 2851 communes, making up rural areas (on 31 December 2005). In their turn, communes are mostly made up of more than one village (12,946 villages in total) without any administrative responsibilities. In order for a commune to become a town, a special law must be approved. Towns and communes are grouped in counties (NUTS 3 level), with administrative functions. The 42 counties are grouped in 8 development regions (NUTS 2), without administrative functions.

The analysis of the ratio of rural areas in most regions shows that the highest value is in the South-West region (96.4%), and the lowest in the South region (90.3%), except Bucharest (51.4%) which includes the capital city and is mostly urban. According to the ratio of rural population of the total population in the region, the most rural is the South region (58.3%), and the least rural is the West (36.4%), apart from Bucharest Ilfov Region, with a ratio of rural population of only 9.5%. (NIS 2005)

The average population density in rural areas was relatively the same over the years, about 45.1 inhabitants/km<sup>2</sup> - NIS, 2005). The analysis of this indicator at national level shows the fact that more than 80% of rural communities have a density which is close to or less than that identified by the EU for rural areas. There are many disparities, mostly because of relief constraints at the regional and county level. Thus, two models of population distribution can be identified:

- Densely populated areas, outside of the Carpathian mountains – areas with a mixed industrial-agricultural profile
- Less densely populated areas, located in the mountain areas and Dobrogea – areas where livestock raising, forestry and fisheries are emphasised, respectively. In the Danube Delta, as well as in some of the mountain areas, the population density is of less than 8 inhabitants/km<sup>2</sup>.

There are also significant differences between population density in the Western areas (where there are mostly communes with less than 50 inhabitants/km<sup>2</sup>) and the Eastern and Southern parts, where most of the communes have a density between 50 and 100 inhabitants/km<sup>2</sup>. The most populated rural territories are in Moldavia, which is explained by the high birth rate, and in the South, where the explanation comes from the high degree of industrialization during the communist times. (NIS 2005)

Demographic trends in rural areas have been different in dynamics in time, due to the various modernization tendencies and the impact of the new economic, political and social factors.

**The fluctuations in population evolutions come from migration**, especially that of the young active population, towards urban areas, in search of better jobs and a more attractive lifestyle. This is the particular case of people aged between 20 and 39. Migration towards rural areas is specific to the population aged 40 and over, mostly as a consequence of low incomes, not enough for decent living. In general terms, it is the case of laid off people, who did not manage to get retrained, and were forced to get back to the rural areas and live off subsistence farms. (*See Rate of net migration Annex 3.2, and Fluctuation structure of internal migration in rural and urban area Annex.3.3.*)

In order to avoid this migration of the rural population towards the cities and other countries, farm restructuring has been one of the purposes of the state policies, as an alternative to job creation, mostly in non-agricultural activities.

Official statistics provide an estimation of **migration in Romania (emigration and immigration)**, i.e. of frequent and definitive migration. The external and informal migration of the active population leads to imbalances on the labour market and important demographic problems which are not included in this study. Unofficial data suggests that at least 2 million Romanians work abroad, in Spain, Italy, Greece, Germany. The highest migration rate fluctuates as follows: Centre (19.8%), North-East (17%) of the total number of Romanian emigrants. (NIS, Romanian Statistical Yearbook, 2006).

**External migration** is very important to rural economy, because large financial resources are brought in and contribute to the national economy (especially rural economy) and to changing mentalities towards a more modern approach.

An analysis of the rural population by age groups during 1998–2005, shows the following trends (*See Rural population structure on age and gender groups Annex 3.4.*)

- Population aged 0 - 14 years decreased by 2%, representing 1.74 million (17.8% of the total population) in 2005;
- Population aged 15 - 64 years remained relatively stable during the reference period, representing 6.18 million (63.4% of the total population) in 2005. An important increase appeared in the age group 50-54 years and 30-34 years. In the first case, the reason is that some people who once resided in urban areas came back when they retired, and the second is that many young people remained in rural areas once they had a family, because they found it easier to survive here.
- Population aged 65 years and above, on an increase by 1.5% during the reporting period, representing 1.82 million inhabitants (18.7% of the total population) in 2005. This increase illustrates a long-term phenomenon which affects rural areas, as the **“aging of the rural population”**. (NIS – Romanian Statistical Yearbook 1999/2006.)

**The regional analysis of the population age structure** shows that the youngest population is in the North-East region, representing a potential for the regeneration of the population and labour force, while this process is virtually nonexistent in the Western parts.

**The analysis of the gender structure of the rural population** shows that in the age groups until 49 years, the male population is predominant, while the female population is higher in the 50-54 years age group.

### 1.3.2. Labour Force

**The occupational rate of the rural population as against the total active rural population**, aged between 15 and 64 years, dropped by 6.8%, during 1998 - 2005, and reached 61.6% in 2005. For the regional approach of the weight of rural employed labour force see *Annex 3.5*.

**The occupational structure for each economic sector** shows that most of the labour force is occupied in the tertiary sector, 37.5%, followed by the primary sector 32.2% and secondary sector 30.3%. The occupation rate of the rural population as compared to the active rural population is higher in the primary sector, 64.2%, followed by the secondary sector with 18.7%, and the tertiary sector by 17.1% (NIS – Romanian Statistical Yearbook 2005).

As for the **rural population occupied in non-agricultural activities, as compared to the total population involved in non-agricultural activities**, in 2005 it was of 24.5% of the total population involved in non-agricultural activities, with a descending trend during 1998 -2005, from 1,626 people to 1,523 people. This was mostly because of the restructuring activities outside the farms and because non-agricultural activities have slower rate of development, mostly because of migration increases. (NIS 2005)

**At the regional level**, the higher occupation rate is in the Centre region, 30.8%, in the secondary and tertiary sectors, and 24.6%, in the primary sector, while in the South-West it is the lowest 10.9%, and 10.3% respectively.(NIS 2005) (See *Structure of rural population on development regional level and Field activities Annex 3.6*)

In terms of regional profiles, the occupational trends of the total active population are reflected in different ways depending on the social and economic specifics of each area and the complex transformations which took place inside national economy, as a result of the restructuring process.

The regional features of this phenomenon are:

- Low importance of agriculture as a job for rural inhabitants in the West, North-West, Centre and Bucharest regions and a change of direction towards industry and services.
- Stable interest in agriculture in the North-East, South-East, South and South-West regions, where the occupied population is either stable in numbers, or higher.

A change of direction of the population towards the service sector, in the North-East, South-East, South and South-West regions, partly due to the development of the sector, partly because of the recession in the industrial sector.

**The situation of the active population**, on age groups and development regions, shows important aspects from the point of view of the potential rural labour force:

- The maximum level of active population is the age group between 35-49 years, in all development regions except for Bucharest, followed by the 25-34 age group with very close values;
- The age group 50-64 has a comparable level with the other groups, but with significant differences in some cases;
- The 15-24 and above 65 age groups rank last;
- There are some important differences inside the same age group among the regions, they are more obvious for the marginal groups 15-24 and above 65 years and less for the other age groups.

A descendent trend is obvious for the **self employed**, during 1998 – 2005, at the national level, by 26.6% and in rural areas by 28.7%. (See *self employed persons Annex 3.7*.)

Because the rural population is only occupied in agriculture, the **unemployment rate in rural areas, as compared to the total active rural population**, is a lot lower than in urban areas (5.2% in rural areas as against 8.8% in urban areas; the national average in 2005 was 7.2%) and **the activity rate for the population aged 15 - 64**, is 5% higher in rural areas (65.3%), than in urban areas (60.3%). (NIS –Romanian Statistical Yearbook, 2006)

**Unemployment** is one of the social phenomena with a negative influence in society. It is the direct result of restructuring in the national economy, followed by the decrease of industrial and agricultural production and a lower productivity/employee.

There are about 232,000 **unemployed people** in rural areas, representing 33% of the total number of unemployed in Romania.(See *number of unemployed persons on development regions Annex 3.8*) The highest values are in the South region, and lower values in the West and South West regions, except Bucharest, Ilfov region and West. (See *rate of*

*regional unemployment Annex 3.9*) There are less women unemployed than men, mostly because the women's occupational rate is lower than the men's. (NIS 2005)

By age groups, the highest unemployment rate was recorded in the young age group, 15 – 24 years (19.7%), with significant differences between the rural areas (13.9%) and urban areas (26.3%). (NIS Survey – Social Tendencies Studies 2006)

**Hidden unemployment** is present in rural areas as well, because almost 85% of the rural population works in agriculture as a second activity.

**Long-term unemployment rate (over 12 months)**, at the national level, increased by 1.5% during 1998 – 2005, to reach 4% in 2005, with a rate of 5.2% in urban areas and 2.7% in rural areas. (NIS, Households Labour Force Survey 2006)

In reality, the **long-term unemployment rate** is mostly a problem for urban areas, as, in rural areas, the major issue is that of low occupation, which is directly linked with the viability and economic dimension of the agricultural holdings.

**The degree of economic dependence is high** in most regions. The main inactive segment of the population is made up of elderly and youths below 15. The percentage of inactive population ranges between 35.6% in the South-West and 51.5% in the Centre. (Evaluations based on the data in the AMIGO 2005 Survey)

**The low education level is reflected in the quality of the labour force** in rural areas, and is highly restrictive for the economic development in these areas. The diversification of economic activities is not supported by training or the specific experience of various types of trades. The percentage of occupied people in rural areas who graduated higher education is usually low.

Labour force is generally adapted to the structural mutations at macroeconomic level. Development regions have scored a number of structural changes, obvious in the human capital movements. Adaptability is directly linked to the economic evolution of each region: the more a region is developed economically, more chances it has to multiply activities and reach occupational diversification.

### 1.3.3. Rural economy

Rural economy has different features depending on the regions, set by the demographic and social features and the economic specifics. The poverty in Romanian rural areas is mostly connected to agriculture and the living standards of the population in rural areas.

#### • *Gross value added (GVA)*

In terms of the economic structure, the **ratio of GVA** in the primary sector dropped by 2.1% starting with 1998, to reach **14.1%** in 2004; a less significant drop was recorded in the secondary sector, **34.3%** in 2004, while in the tertiary sector (services) it increased from 48.4% in 1998, to **51.6%** in 2004. At the regional level, the GVA rate in the tertiary sector varies between 42.4% in the South and 50.9%, in North-West, in 2004. (NIS – Romanian Statistical Yearbook 1999/2005).

Specific activities in rural areas are mostly connected to territorial distribution, thus being related to natural resources, geography and the traditions of that area. According to statistical data, the agriculture, food industry and forestry are vital to rural economy (See *Number of micro enterprises on NACE sections and area Annex 3.10*); non-agricultural activities are also present, but not enough (especially those connected to the primary sector, mostly natural resource exploitation and processing). Activities in rural areas include: the processing of food products, small trade activities, services and crafts. Except for mining and energy industry, non-agricultural activities are carried out by small and medium-sized enterprises (SME's). Thus, rural economy is less diversified and highly dependant on agricultural activities, leading to low revenues.

#### • *Income*

Referring to **the household income**, this varies from one residence to another, so that the average income/person./month in rural areas is of about 95 Euro, while in urban areas is about 135 Euro. The income of rural households mostly comes from agricultural production and covers 43.4% of the total income, while in urban areas 61.1% of the income comes from salaries. The average income from non-agricultural activities was, in 2005, of about 12 Euro/month, therefore 4.1% of the net income.

The poor situation of the rural incomes is an argument for the need to develop a diversified rural economy and, therefore, this analysis will focus on those alternative income sources and the diversification of occupational opportunities, emphasising the existing development potential in the non-agricultural sector, as a sustainable source for the livelihood of communities in rural areas and the development of rural economy.

- **SMEs**

In terms of the **national economic activity in 2005**, we can say that there are 450,666 companies, of which most are **small and medium-sized enterprises**, representing 99.5% of the total no. of enterprises and, taking into account their density, in Romania there is an average of 2,038 SMEs/1000 de inhabitants.

At the **national level**, in 2005, there was a strong asymmetry in the development of companies, with a more emphasised development of the micro-enterprises – 88.6%. (NIS, Romanian Statistical Yearbook, 2006)

**Business development** in Romania shows important differences between the regions, in terms of the micro-enterprises, the highest rate being registered in the North-East, 13.8%, and the lowest in the South-West, 7.6%, whereas Bucharest Ilfov represent 23.6%.(NIS, Romanian Statistical Yearbook, 2006)

Entrepreneurship is mostly linked in a negative way to the rural areas (where the population has a low level of education), with the low level of urbanization and massive temporary migration abroad.

The analysis of **micro-enterprises in rural areas** shows their relatively low capacity of meeting the requirements connected to job creation for the population in rural areas; in 2005 they represented 13% of the total number of micro-enterprises at the national level. More than 50% of the population in rural areas, deals in trade. (See *Number of micro enterprises on NACE sections and area Annex 3.10*)

An explanation of this phenomenon is low resources, a shorter return on investment term, skills and abilities. In this sense, the target is to support micro-enterprises in other fields, which may have a positive impact on the rural economy. (NIS Romanian Statistical Yearbook 2006)

The analysis of trade, crafts and services shows the fact that there are few inhabitants in rural areas occupied in all the analysed activities. The communities lack occupational opportunities in these sectors, which may help improve the living standards, and the advantages of better developed urban areas. The information available on these activities are only part of the real situation, as these activities are part of an informal labour market in rural areas. However, the income which may be obtained from such sources is only for subsistence and there is a need for developing these activities in order to develop rural economy as a whole. The small crafts, developed in cooperatives in the communist times, dropped severely after 1989. Companies are mostly to be found in the North-East and South, and less in the West. There are important disparities in the regions, even more so between counties and communes.

The service distribution is sometimes non-existent in communes and villages. The situation in this sector, as is the case of infrastructure, is a barrier against the development of other rural activities, in order to provide alternative occupation. The support of services in rural communities is an important factor for increasing the quality of life and the **attractiveness of rural areas**.

- **Tourism**

**Rural tourism and agro-tourism** are potential alternative activities which will continue to develop in rural areas, due to the unique landscapes, large semi-natural areas, the hospitability of rural inhabitants, tradition conservation and the diversity of rural tourist resources, but there is an important potential which is not exploited because there are no tourist centres to inform and promote it at the local level. Romanian rural tourism has many technical, financial and educational problems which triggered the need for support and stimulation of sectoral development, both from an quantitative and a qualitative point of view.

Although civil society was involved in the setting up of agro-tourist networks in many counties (e.g. ANTREC, FRDMR, ANZM), public awareness is necessary in order to be able to support rural tourism, all the more so as the physical and access infrastructure is poor and is a major constraint for the development of tourism activities in rural areas.

**The tourist sector** in 2005, as against 1998, showed an increase of the number of accommodation structures (35.4%), accommodation capacity (0.95%), and the modernization, development and innovation, which are necessary for Romanian tourism together with the creation of modern and competitive tourist products.

The number of **tourist pension** increased during 2000 -2005, by 61.3%, in rural and urban areas.

As for the accommodation capacity by the no. of guesthouses, it reached 22,061 beds in 2005, of which 50.5% in rural areas. (NIS – Romanian Statistical Yearbook, 2006)

The development of rural tourism in pensions depends on the specific traits of each region, folklore, ethnographic regions and agricultural or wine products. The specific tourism for Bucovina (North East) is religious tourism, in Maramures (North West) is the architecture or ethnography tourism, in Transylvania (Centre) recreational and cultural tourism, food and wine, and in the Carpathian foothills – fishing. (*See Rural pensions on regions Annex 3.11*)

Another important tourist area is the Danube Delta (East), also with a high natural value due to biodiversity and which allows for many types of tourism to be developed (recreational, fishing, food).

Romania's forest potential provides many opportunities for the rural economy, while mountain areas mostly fit for mixed economic activities: agriculture with cattle raising and orchards, forestry and lumber production, various micro-enterprises in industry and crafts; agro tourism and ecotourism in the mountains etc. The products which are mostly organic, game and flora resources as well as the attractive natural landscape are elements of support for the development of agro and eco tourism, in the mountains etc. The products which are mostly organic, fauna and flora resources as well as the attractive natural landscape are elements of support for the development of agro and eco tourism.

#### 1.3.4. Quality of life in rural areas

##### • *Rural infrastructure and services*

Romania faces a number of major gaps between the rural areas and urban areas in terms of the social and physical infrastructure. Infrastructure preparation and maintenance is essential for the economic, social and general balanced development at the regional level.

If rural areas are to compete for investments and remain competitive for the creation of new enterprises, they need a good infrastructure. This also contributes to the creation of more attractive locations, jobs and better living standards in rural areas.

Because of the low density of population in rural areas (over half of the national average), **there is a low interest for investment, emphasised by the poor infrastructure.**

In rural areas, **the roads** are the most important transportation routes, but the development of rural roads and traffic is far from the European standards. Only half of the communes have direct access to the road network, meaning that the current road network only serves 3/5 of the total rural population. More than 25% of the communes cannot use the roads if there are precipitations and snow. (World Bank Study, 2004)

In 2005, public roads in Romania covered 79,904 km, and 80% of these are county and commune roads.

**Only 10.6% of the county and commune roads have been modernized**, of which 30.7% with light covers. (NIS, Romanian Statistical Yearbook, 2006)

*Through the SAPARD Program, 2058 km of roads were modernized and upgraded, namely a small part of what is needed.*

There are difficulties in many areas in **accessing medical and educational services**. Transportation is a priority for those who live in rural areas, mostly because services are concentrated in cities. The access of the rural population to basic education and healthcare services is hindered by the poor transportation services, which mostly impedes on the medical and teaching staff's commuting opportunities.

The provision of **drinking water** is another problem of the quality of life and economic activities in rural areas, and these conclusions are only based on a quantitative estimation, without taking into account water quality standards, which are mandatory. Only 33% of the rural inhabitants have access to the public water network, and the hot water situation is a lot worse. (MEWM 2004) Because of this situation, most households (70%) get their water from wells.

*Despite the fact that, through the implementation of the SAPARD Program, the water network covers more than 4,341 km and more than 875,486 inhabitants, it is still not sufficient. (SAPARD Monitoring Tables September 2006)*

**The public sewerage network** is still incipient in rural areas; at the end of 2004, 373 communes (10% of the total rural population) had sewerage networks. (NIS Romanian Statistical Yearbook 2006)

The environmental protection system is poor in rural areas, with a great risk of pollution and environmental degradation.

The menace is higher in areas where the sewerage network is not developed in parallel with water supply. Through the SAPARD Program, 856,980 km of pipes were built, for 335,005 inhabitants. (SAPARD, Monitoring Tables September 2006)

Although **district heating** is very little used in rural areas - only 0.5% of the total district heating goes to these areas, mostly because the thermo power plants which used to distribute district heating to the neighbouring villages were closed down or gave up these services.

**In conclusion, the current situation of the roads, water supply and sewerage has a strong negative impact on the quality of life in rural areas and hinders the economic development of these areas.**

Rural areas have poorer **medical services** than urban areas. In most communes, only basic sanitary services are provided. For specialized services, rural inhabitants must go to town to be able to use these services.

**The quality of medical services** in rural areas is lower, generally speaking, because of the lack of infrastructure and medical equipments, which are mostly old or non-existent. The quality of medical services is also affected by the training of the medical staff, mostly nurses, while the number of doctors is not enough to provide good quality medical services in rural areas.

**Telecommunications** include phones, cable TV, computers and Internet. The rural infrastructure in telecommunications is poor by all standards. The number of Internet users in 2004 was of 138/1000 inhabitants and 92 computers/1000 inhabitants. Internet access in rural areas is very modest, because of the low development and incomes of the inhabitants. (NIS, Romanian Statistical Yearbook, 2006)

**Culture** is very important for the villages, and can contribute to making rural areas more attractive for the young population. The means of bringing culture to rural areas are: community centres, libraries, cinema halls, radio and TV. Although most of the community centres (about 97%), have their own buildings, 80% are not properly equipped and used.

**Libraries declined**, more or less along the same lines as other cultural aspects of the villages, during 1998-2005 and then were revived, in 2005, when there were 8,239 libraries registered. Only a few of these libraries actually hold appropriate activities. (NIS 2005)

The diversification of economic activities in rural areas is strongly linked to an adequate commercial network, in order to provide the necessary goods to the population and take over local products, like wood products, wool, handicrafts, pottery etc. The development and diversification if this trade can also get more value added to the local products, and help avoid long travels at additional costs for the population.

The banking sector is not very much interested in funding rural businesses. They are perceived, generally speaking, as risky for the banking sector, which may face big losses and financial costs for the loans. The banking sector is also cutting down activities in rural areas because of the low profitability. These issues deepen the economic problems of the companies in rural areas and impede on rural economic development.

#### • **Education and training**

**The human capital** is essential for the regional development potential. The diversification of rural economic activities also depends on education, knowledge and skills. Although infrastructure is essential for the social and economic development of the rural areas, professional training is the engine of good development.

**Education and training** are essential for the rural communities, but there're important gaps in the school infrastructure which are more than obvious. Although there are more schools than necessary in rural areas, the quality of education is poor, because of the poor infrastructure and low training level of the teachers. Most schools need new buildings, furniture, utilities and teaching materials. Vocational and primary education are important for the conversion of the agricultural workforce to non-agricultural skills.

**Rural schools units** do not have enough IT equipment and technical equipment for vocational education is old or missing altogether. Generally speaking, the quality of education in rural areas is poorer than that in cities, because of the difficulties in attracting skilled staff and funding issues. Rural schools represented 73.2% of the total number of schools in 2005,. (NIS 2006) ( *See Scholl units per educational level Annex 3.12*)

The number of schools during the analysed period dropped, because of the restructuring of the education system and lack of skilled staff. Few students attend classes, which means that small schools had to be regrouped and their numbers reduced.

**Attendance to the education system** in 2005 -2006, 31.3% of the total school population went to rural schools. Higher education in rural areas represents 1.8% of the total population, (above 15), because of poor access and low incomes. (NIS 2006)

The average rural population aged 25 – 64, graduates of secondary or higher education is of 55%. (NIS 2005)

**The percentage of life long learning** graduates aged 25 – 64 increased from 0.2% in 1998 to 0.5% in 2005. This percentage is lower than the urban average of 2.3%. In terms of regional approaches, this indicator fluctuates between 0.3% in the South-West and West regions and 0.8% in the Centre. (NIS 2005)

Education is affected by **the regular income**. The children of families with low incomes or pensioners are twice as exposed to school abandon than children from families with a regular income sources.

- *Rural cultural heritage*

**Romanian villages are special from a regional inheritance point of view, which gives them a special identity and helps them capitalize on the local resources.** Symbolic capital is essential for cultural identity, the strengthening of values, attitudes, customs, beliefs and symbols shared by community members.

**Cultural identity**, traditions and customs are influenced by geography and natural resources, representing more than just a location. Because of these factors, cultural identity must also include education and culture consumers.

The preservation and conservation of the rural heritage is essential for the development of rural tourism, as a means to promote Romanian villages, with a positive effect on tourist and the local population.

**Table 4.** Lead baseline indicators for Axis 3

Area	No ind.	Indicator		Romania	Of which rural areas	European average	Of which rural areas	Source	
Economic activities	27	% farmers with other income generating activities		19.9%	20.2%	27.4% (EU27)	-	Eurostat (NUTS 3 - 2003) rural - OECD	
	28	Employment development of non-agricultural sector (thb people)		6,204	1,523			2005	
	20	Structure of the occupied population by sectors of activity	primary	32.2%	64.2%	6.79% (EU27)	-	NIS 2005	
			secondary	30.3%	18.7%	26.36% (EU27)	-		
			tertiary	37.5%	17.1%	66.85% (EU27)	-		
	19	Structure of economy % GVA by branch	primary	14.1%	N.A	2.2 % (EU27)	3.8%	NIS 2004	
			secondary	34.3%	N.A	26.7 % (EU27)	29.7 %		
tertiary			51.6%	N.A	71.1 % (EU27)	66.5%			
29	Economic development of the non-agricultural sector (Mio Euros)	Gross value added in the secondary and tertiary sector	46,728.3	N.A	320,005.2	-	Processed dates based on NIS 2004 <sup>10</sup>		
Quality	30	Self employed persons (thousand people)		3,226	2,790	31,542 (EU27)	-	NIS 2005	
	34	Net migration rate (to 1000 inhabitants)		- 0.33	- 3.23	3.9 (EU27)	-	NIS 2005	
	35	Life long learning (% of adult population participating in education and training)		1.6%	0.5%	8.5 % (EU25)	7.8 %	NIS 2005	
	31	Tourist infrastructure (No. beds places)		277,047	269,013	-	24,903,503 (EU 27)	Eurostat (NUTS 3 -2001) rural	
	Additional	Tourist infrastructure (No. beds in tourist pensions)		22,061	11,151	-	-	NIS 2005	
	33	Development of services (tertiary) % GVA in services		51.6%	N.A	-	-	NIS 2004	
	32	Internet coverage in rural areas		0.64%	N.A	-	-	Results based on NIS 2004	
	Additional	Infrastructure	Roads km		79,904 total public roads	63,970 total county and commune roads	-	-	NIS 2005
			Water (no. of inhabitants using running water - million)		14	3.4	-	-	NIS 2004
			Public sewerage network (no. of inhabitants using sewerage - million )		11.5	1.15	-	-	NIS 2004

<sup>10</sup> In 2004 the annual average value of the exchange rate was 1 Euro= 40,532 ROL

## 1.4. Local development

In Romania were identified a lot of initiatives in community development, such as: Local Initiative Groups (LIGs), micro regions and some other Leader - like partnerships. Local Initiative Groups (approximately 280) are partnerships between NGOs, local public administration, church, school, medical and dental offices, etc., but having no legal personality. They have been set up to solve a specific local problem; their members are trained on different subjects: agro-tourism, entrepreneurship, fundraising at local level, project writing, etc. Some LIGs have reached an organizational maturity so as they have been transformed into Community Associations with legal personality. The main LIG's results are: development of the local strategies, renewal of schools, local hospitals and cultural facilities, improvement of roads and bridges, analysis of rural area, promotion of rural environment, setting up of Tele Centres to inform citizens, etc.

Micro regions are partnerships between NGOs and other micro regions from abroad or Romania, legally registered as associations and comprise local counties (7-8 average), NGOs (20-30 in average) and entrepreneurs (13 in average). Their main activities are focused on the development of micro region strategy, training courses for members and projects. In Constanta County, 10 Leader - like partnerships are operating.

Other issue that needs to be mentioned is that the Ministry of Agriculture, Forests and Rural Development selected 120 representatives of territories (areas) sub-regional in order to train them on the following subjects: building of partnership, diagnostic analysis, local development strategy, action plan of the territory, animation activities, action plan monitoring and evaluation, actions necessary for the implementation of Leader approach in Romania. Each territory was represented by a single person designated by at least three partners, representatives of public, and private, non-profit sectors. In order to select these representatives, a Selection Committee with a wide representation was set up. According to the eligibility criteria (territory with a population between 10,000 – 100,000 inhabitants, public-private representation, socio-economic and geographical homogeneity), a number of 120 representatives of territories was selected to participate in these training courses. The training courses will end in June 2007.

## 1.5. SWOT Analysis

Area	Strengths	Weaknesses	Opportunities	Threats	Strategic Objectives
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### COMPETITIVENESS OF AGRICULTURE AND FORESTRY

Human resources	<ul style="list-style-type: none"> <li>- Relatively low labour costs comparing to EU 27;</li> <li>- More than half of the active population in the primary sector in rural area are relatively young</li> </ul>	<ul style="list-style-type: none"> <li>- Low education level in rural area.</li> </ul>	<ul style="list-style-type: none"> <li>- Opportunity of ESF utilisation for initial professional training in agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>- Highest attractiveness (because of better living standards) for migration to urban area and to other countries.</li> </ul>	<ul style="list-style-type: none"> <li>- To improve the skills of the farmers and workers in the agrifood and forestry sectors allowing a better management of the agricultural holdings, and forests.</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>- Large land resources with highest agricultural potential;</li> <li>- Existing structures of commercial agriculture farms and a good potential for increase and strengthen this category;</li> <li>- Existing of guarantee fund for agriculture</li> </ul>	<ul style="list-style-type: none"> <li>- Low competitiveness (yields, low productivity), low number of contracts with industry;</li> <li>- High costs in small sized farms due to land fragmentation;</li> <li>- Incapacity of small farms to invest for modernisation.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase of purchasing power in urban area, interest for traditional and natural product in EU.</li> <li>- EU rules encouraging producers groups, private-public cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>-SAPS and CNDP's reductions resulting from 'cross-compliance'.</li> </ul>	<ul style="list-style-type: none"> <li>-To improve the competitiveness of commercial and semi-subsistence farmers and processing and forestry enterprises.</li> </ul>

Area	Strengths	Weaknesses	Opportunities	Threats	Strategic Objectives
Food industry	- Existing positive dynamics in the internal market and for some niche markets.	- Lacking conformity with the European standards and ISO framework.	Complementarities with EFRD strategy to support second transformation.	- High cost for meeting and compliance with the European food standards.	- To restructure and to modernise the processing and marketing sectors for agricultural and forestry products'.
Forestry	- Valuable forest resources, high level of legislative protection; - High level of foresters education; - Very good management of forest based on planning.	- Improperly management of woodwork; - Small size of private forestry areas; - Low level of the education of forestry owners Small size Forestry companies; - Low activity level of private nurseries; - Forest affected by flooding in the last years; - Small number of forestry road.	- Existence of important market and potentials; - Potential for forestry infrastructure; - Association of private forestry areas for a better management.	- Low level of information regarding the structural funds; - World competition.	

## ENVIRONMENT AND NATURAL RESOURCES

Utilization of the territory and general aspects	- Traditionally extensive farming practices; - Awareness for the need of protection policies and action plans.	- Large areas affected by different limitative natural factors.	- Use of lessons learned from the past EU programs.	- Development of the rural areas without considering possible effects on the environment and biodiversity.	- To ensure the continuous sustainable use of agricultural land.
Biodiversity, Water, Soil, Air quality	- High variety and richness of biodiversity and existence of the National Protected Areas Network as a functional system; - Low level of input utilisation in agriculture (chemicals); - Small soil pollution and relatively good environmental conditions.	- Pressure on high nature value farmland due to human factors; - Incipient stage of Natura 2000 Network administrative implementation; - Areas with high risk of floods.	- Acceptance of international environmental objectives (WDF, Gothenburg protocol); - Cross border strategies in order to protect water resources; - The increasing demand for high-quality foodstuffs and bio-products.	- Increased pressure on the biodiversity in connection with economic growth and lack of information; - Continuous pollution of water because of the non-existent waste water facilities.	- To preserve and to improve the state of the natural resources and habitats

Area	Strenghts	Weaknesses	Opportunities	Threats	Strategic Objectives
Biodiversity, Water, Soil, Air quality	Romania is meeting the requirements related to GHG emissions established for 2010.	Degradation areas which experiences-severe salinity, aridity, severe acidity, extreme texture conditions, water excess, fast drainage.	Use of renewable energy from biomass and waste.	Non-rational agricultural management leading to the increase in soil pollution.  Climate change.	
Forestry area	- Forestry area Programs and legislation for increasing forest area; - Important forestry area contributing to limit the GHG impact, the erosion and to maintain the biodiversity.	- Lack of Forests cadastre; - Low developed forestry road network.	- Increase of forests value through certification process; - Potential for increasing the forest area by afforestation; - Potential for biomass production; - Ecologic reconstruction on the degraded land; - Development of National System of shelterbelts; - Setting up and strenghting of the forest public awarness.	- Some presence of illegal logging; - Small size of private property; - Natural risks.	- To promote the sustainable management of the forest land.

### DEVELOPMENT OF RURAL AREAS

Economic activities	- Existence of natural resources and local products; - High touristical potential.	- Dependency of the subsistence agriculture; - Lack of rural alternative jobs; - Weak entrepreneurial spirit.	Improvement of infrastructures and increase of standards of living.	- Urban and trans-border migration.	- To maintain and to develop the economic activities aiming on increase the employment.
Quality of life and Population	Rich rural heritage (traditions, traditional architecture).	Underdeveloped infrastructures in rural areas compared to urban area and underdeveloped base services; Weak professional education and endowment of education infrastructure Low incomes.	Synergies between existing plans for rural development (EFRD, EAFRD, National and local plans).	Tendency of poulation aging strenghtens; Difficulty to implant economic activities if the level of infrastructure remains weak.	To increase the attractiveness of the rural areas.
Local Development	Lot of structures (association, NGO, etc.) leading local development project.	Lack of experience and financial resources to invest and co-finance projects.	Valorisation of the EU financial support in order to improve the capacity building and to implement local strategies.	Incapacity to set up strong local partnerships and to promote the endogenous potential of the territories.	To develop the skills and to stimulate awareness of the governance.

## Chapter 2

# Overall strategy, translation of Community priorities and establishing national priorities

Based on the analysis of the current situation in rural areas in Romania presented in Chapter 1, an overall national strategy for rural development is prepared. The objectives of the strategy are presented below together with a description of the compliance between the strategy on the one hand and other national policies as well as EU priorities (Lisbon and Gothenburg declarations) and the Common Strategic Guidelines on the other hand.

### 2.1 The strategy and its global balance

#### 2.1.1 The objectives of the strategy

The rural development policy of Romania co-financed by the European Agricultural Fund for Rural Development (EAFRD), representing pillar 2 of the Common Agricultural Policy (CAP), is designed to accompany the support policy of pillar 1, providing a basic income support for farmers. The 2nd pillar provides support to the development of the agriculture and forestry sectors, to preservation and protection of land, nature and environment and to the improvement of the quality of life in rural areas. The support available under the EAFRD represents the ambitions of implementing the core EU policies including the re-launched Lisbon strategy and the Gothenburg declaration on sustainable development.

From 2007 Romania is a member of the European Union and takes its first steps into the EU market. Restructuring, modernizing and developing the Romanian agriculture and food sector as well as the forestry and wood processing sector poses a huge challenge in order to enhance the competitiveness of the sectors. Therefore, efforts have to be made in order to integrate EU-CAP instruments with Romanian national policies and other EU structural funds in order to take advantage of all available sources and to coordinate these instruments to the benefits of the development of rural Romania.

Until the end of 2006 support is provided to farmers from national programmes (e.g. the Farmer's Programme, the Life Annuity Programme) and from the EU co-financed SAPARD programme. In order to pursue a sustainable economic, environmental and social development of rural Romania and given the open trade environment that prevails generally and the trade goals of EU accession in particular, the Romanian overall rural development strategy must focus on enhanced competitiveness and at the same time taking into considerations the need for protection of nature, environment, land and water resources in rural areas.

The overall objectives of the national rural development strategy are to:

- increase the economic dynamics of Romanian rural areas including the development of a sustainable agriculture and forestry sector;
- preserve, protect and consolidate nature, environment and natural resources;
- enhance the social dynamics and the quality of life in rural areas.

The objectives of the strategy are in full compliance with Regulation 1698/2005 and take into account notably of the Community strategic orientations (cf infra "Link with the Community strategic orientations").

#### 2.1.2 The balance between the axes

The overall objectives are broken down into a number of strategic objectives reflecting the given local and regional

economic situation in rural area and the challenges ahead. Allocation will be given to these strategic objectives according to the following share:

- Up to 45% of the financial means of the EAFRD will be allotted to the development of the competitiveness of the agricultural and forestry sector (axe 1). The objectives are:
  - To Improve the skills of the farmers and persons relating to the forestry sectors allowing a better management of the agricultural holdings and forests;
  - To improve the competitiveness of commercial and semi-subsistence farmers;
  - To restructure and to modernize the processing and marketing sectors for agricultural and forestry products.

The achievement of these strategic objectives will allow the gradual evolution towards a competitive agriculture and forestry sector, food and wood processing, taking advantages of the opportunities on the common market and the opening towards the world market. The consequence will be a notably change within the agriculture sector partly developing subsistence farms into semi-subsistence holdings producing for own consumption and for the market, and partly the modernization of the commercial agriculture represented by full-time family farms and larger enterprises.

Within Axis 1 and concerning the agriculture sector the measures aiming to sustain the transformation of semi-subsistence farms into family holdings delivering the products to the market will be organised in a way encouraging farmers and forest holders in particular to employ methods of land use compatible with the need to preserve the natural environment and landscape and protect and improve natural resources.

The modernization process of the agri-food and the forestry sector will be continued by adjusting it to all relevant EU standards including sanitary and environmental requirements and by modernizing the processing capacities. The focus will be on training and organising, modernizing and adapting the production to the market requirements, emphasizing on quality, improving performance in the environmental protection, producing of renewable energy, occupational safety. Furthermore the target will be small and medium sized enterprises better positioned to add value to local products. Finally, the agri-food sector will be strengthened by introducing technical progress, using of renewable energy and innovations via investments in physical capital of the enterprises. In this way, the quality of products will be increased; non polluting technologies will be introduced ensuring the quality of food and particularly of the traditional and ecological products.

- Up to 25% of the financial means of the EAFRD will be allotted to the improvement of the environment and the rural areas through the sustainable use of agricultural and forestry land (axis 2). The objectives are:
  - To ensure the continuous use of agricultural land;
  - To preserve and to improve the state of the natural resources and habitats;
  - To promote the sustainable management of the forest land.

The accomplishment of these strategic objectives will assure a sustainable symbiosis between economic and social activity in rural area, and the natural habitat, by remunerating the environment services provided by agriculture and by compensating the loss of revenue in agricultural activity caused by unfavourable production conditions.

Within Axis 2, the accelerated modernization process of the agriculture (specific to the post-transition period) should not be done to the detriment of preserving the environment. The focus will be upon the less favoured areas which will benefit of financial compensations for maintaining the continuous use of agricultural land as a factor of preserving the landscape and environment. Of a high importance is also the support for farming practices which will promote biodiversity, protection of water, soil and air. Within the same axis, some measures will be encouraged such as measures for increasing the environment value of lands by afforestation and Natura 2000 forestry payments with positive impact on tackling climate change and improving the environmental conditions and on the prevention of national disasters such as flooding and drought.

- Up to 30% of the financial means of the EAFRD will be allotted to develop the quality of life in rural areas and rural economy diversification (axis 3). The objectives are:
  - To maintain and to develop the economic activities aiming at increasing the employment;
  - To increase the attractiveness of the rural areas;
  - To develop the skills and to stimulate awareness of the local governance.

The measures financed within Axis 3 will provide proper conditions for vitalizing the non-agricultural business environment and developing the rural infrastructure and social services and the vocational training opportunities for the population.

The increase of the social and tourist value (hedonistic value) of rural area will be insured by emphasizing the material and immaterial traditions within these areas.

■ Up to 2,5% of the financial means of the EAFRD will be allotted to start and operate local initiatives via Leader (axis 4). The objectives are:

- To promote the endogenous potential of the territories;
- To improve the local governance.

The realization of these strategic objectives will support the mobilization of the rural population and the enhancement of the local diversity aiming to make the rural areas more attractive.

This general balance extends the financial balance established between the competitiveness of the primary sector and the improvement of environment on the account of the 2000-2006 planning and reflects a progress of the actions in favour of the diversification of the rural economy and of life quality.

### 2.1.3 The balance between the priorities

The priorities of action were established in the light of the analysis of the existing situation. The share takes into account of:

- the analysis made within the chapter one which identified priorities through axes;
- the expected impact of the correlation of the investment schemes and the compensation mechanisms for farmers in naturally handicapped areas;
- the will of optimizing the use of Community funds, i.e. for structuring projects, with a medium or long term economical or environmental effect.

Axe 1 45%	To improve the skills of the farmers and persons relating to the forestry sectors allowing a better management of the agricultural holdings and forests.	5%-10%
	To improve the competitiveness of commercial and semi-subsistence farmers.	55%-60%
	To restructure and to modernise the processing and marketing sectors for agricultural and forestry products.	35%-40%
Axe 2 25%	To ensure the continuous use of agricultural land.	50%-65%
	To preserve and to improve the state of the natural resources and habitats.	30%-40%
	To promote the sustainable management of the forest land.	5%-10%
Axe 3 30%	To maintain and to develop the economic activities aiming at increasing the employment.	30%-40%
	To increase the attractiveness of the rural areas.	60%-70%
	To develop the skills and to stimulate awareness of the local actors about local governance.	0,5%-1%
Axe 4 2.5%	To promote the endogenous potential of the territories.	77,5%
	To improve the local governance.	22,5%

## 2.1.4 National programmes

The overall national strategy for rural development is implemented through the National Rural Development Programme (NRDP) co-funded from EAFRD and through a number of complementary national programmes targeting rural development. These programmes will supplement the NRDP in conformity with the article 88 of the Regulation (CE) 1698/2005.

For the period 2007-2013, the main strategic targets of the Romanian agri-food sector aim at consolidating and capitalising the family-type farms, increasing the incomes of the rural population, developing and strengthening the processing sector, insuring the food safety to the population, raising the contribution of the agri-food sector to the Gross Domestic Product and readjusting the balances of trade for the agri-food products. These targets will be reached by implementing both the CAP instruments, in which the national priorities are transposed, and the national mechanisms meant to lead to achieving the objectives of the National Strategic Plan.

These programmes mentioned in the chapter 5 of the NSP aim at strengthening the impact of the EAFRD thanks to:

- an increase of the number of beneficiaries and a better absorption of the fund by increasing the capacity of co-financing (Farmers programme, including the credit policy and rural credit guarantee system);
- a preparation of the implementation of some EAFRD measures like the early retirement, used by farmers, advisory services, improving and developing infrastructures (Support and development of the advisory capacity for rural and agriculture and economy, cadastre and land consolidation, life annuity).

The coordination with the European intervention will be assured in the Monitoring Committee of the programme.

## 2.1.5 Experiences gained from SAPARD

The Special Accession Programme for Agriculture and Rural Development (SAPARD) provides grant support for investments in agriculture, food processing and rural development. The SAPARD has provided significant resources to the rural sector, but it has not met expectations with respect to the development challenge of Romania's agricultural sector. Investment support for farmers is a minor component of the current support program. Furthermore, these funds are accessed mainly by legal entities that are able to cover the remainder of the costs from other sources.

Other issues contributing to the underperformance of the program include the following:

- Program design has been only partially adjusted to meet sectoral needs.
- Access to information about funding schemes remains restricted in rural areas.
- Rural entrepreneurs are unable to comply with the complex and bureaucratic application procedures.
- Rural entrepreneurs have restricted access to the required sources of pre-financing and co-financing and the lack of guarantees, particularly small farmers and small-scale rural entrepreneurs.

As foreseen in the general conception of the program, SAPARD does not involve any advance payments, it reimburses expenditure already made. Thus financing the investment requires 100 percent pre-financing by the investor, who is then reimbursed (upon proof of the expenses) by the SAPARD agency. This need to pre-finance the investments led to the consequence, that mostly already 'better off' beneficiaries prepared applications for investments.

Hence, the financial system needs to be upgraded to meet the changing needs of the rural population. Banks and non-bank institutions have made modest progress in recent years in increasing financial flows and outreach to rural borrowers, and NGOs have successfully entered the field. But rural credit should be updated to the actual needs and opportunities. Consequently, the government offered support for investments through a credit and guarantee system (Farmer Programme) for assuring the private co-financing to the beneficiaries for investments in the farms and processing and marketing units financed from SAPARD programme and investments in the semi-subsistence farms and for the small rural entrepreneurs.

In this and other ways, the rural banking sector needs to be strengthened to meet these needs. The existence of SAPARD grant funds and the need for bank financing of SAPARD-approved farm and agro-industrial projects has raised the demand for rural bank lending and leasing by providers of machinery and other inputs. Thus, leasing rates transferring the property to the beneficiary, (which means the final payment of terminal value of the leased asset), will be eligible.

Other problems emerging from SAPARD include the need to:

- strengthen legal institutions, which are still unable to adequately enforce existing collateral laws;
- develop non-bank sources of finance, including reduction of tax constraints on equipment leasing firms;
- support expansion and regulation microfinance institutions serving rural clients;
- support the development of private risk management tools in rural areas.

## 2.2 Compliance with the Lisbon and Gothenburg strategies

The strategy of Lisbon has as its objective to contribute to the revival of the European competitiveness, increasing the growth of the economy potential through increased productivity, and reinforcing social cohesion in focusing mainly on knowledge, innovation and the development of human and physical capital.

The policy of rural development co-financed by the European Union will fit fully in this strategy. By supporting investments in modernization and innovation it will develop the productivity of the primary and processing sectors. By encouraging the support dedicated to the setting up of the micro-enterprises and services, the conditionality of the CNDPs social cohesion will be reinforced by growth and the generation of employment. By supporting the structural changes in rural areas, the economic actors belonging to the primary sector, secondary or tertiary with investment and training the policy will enhance the human competences.

Thus the policy of rural development will support the growth and the employment based on an increasing competitiveness, the valorisation of the human resources and the sustainable development, as defined in Lisbon in 2000 and Gothenburg in 2001, and reaffirmed at the European Council of Brussels March 2005.

The rural development strategy and the overall objectives are in line with the Gothenburg objectives, especially by supporting activities in Less Favoured Areas, by encouraging investments in environment protection, EU standards and in sustainable systems for farm management and processing. Further more the strategy will provide creation of sustainable jobs, especially in processing and in alternative economic activities, which will contribute to a sustainable development of the rural area.

## 2.3 Compliance with Community priorities

The overall national rural development strategy of Romania is fully in compliance with the EU Community Strategic Guidelines. This is illustrated in the table below, where the strategic objectives of the strategy are related to the 4 relevant guidelines.

European Union – Community Strategic Guidelines (CSG)						
			CSG 1	CSG 2	CSG 3	CSG 4
			- Transfer of knowledge; - Modernisation, innovation and quality in the food chain; - Priority sectors.	- Biodiversity; - Safeguarding and development of the agricultural and forestry systems with high natural value and of the traditional agricultural landscapes; - water; - climatic change.	- Creation of condition for growth and employment opportunities.	- To improve the local governorship; - To mobilise the endogenous potential of development of the rural zones.
R	Axe	Strategic objectives				
	1	SO 1: To improve the skills of the farmers and persons relating to the forestry sectors allowing a better management of the agricultural holdings, and forests.	- Knowledge transfer and improved skills are paramount for modernisation.	- The training/diffusion will contribute to the improvement of the practises in regard of environment issues.	- Contribute to employability of people leaving farms.	- Contribute to integrate the farmers in the local governance.

			CSG 1	CSG 2	CSG 3	CSG 4
R	Axe	Strategic objectives				
<b>ROMANIA - national strategy of rural development</b>	1	SO 2: To improve the competitiveness of commercial and semi-subsistence farmers.	Knowledge transfer and improved skills are important for modernisation.	To restore the potentiality of the agricultural and forestry sectors after natural disasters a.o. due to climatic change.	Maintain employment or compensate for job loss in rural areas.	Modernisation and development based on local involvement will contribute to growth.
		SO 3: To restructure and to modernise the processing and marketing sectors for agriculture and forestry products.	Modernisation and innovation is the primary source for added value of products through out the value chain.	Innovation and modernisation of processing is a precondition for developing sustainable production systems.	Competitiveness of processing units is needed to increase the employment potential and/or compensate for increased labour productivity.	Modernisation and development based on local involvement will contribute to growth.
	2	SO 4: To ensure the continuous sustainable use of agricultural land.	Modern (good) agricultural and environmental practice is important for sustainable land use.	Landscape preservation, biodiversity, the existence of certain valuable natural habitats would not be possible without preserving the countryside.	Leads to increase in attractiveness (tourism), quality of life (improvement of water quality, quality of environment and landscape), services provided to residents (e.g. water and sewage management system) – environmental impact.	Environmental services, landscape protection and traditional organic products offers opportunities for local communities.
		SO 5: To preserve and to improve the state of the natural resources and habitats.	Support for sustainable farming practices facilitates a better transfer of knowledge and offers better quality for basic food products;	Landscape preservation, biodiversity, sustainable farming practices are a key element in order to preserve and improve the state of the natural resources, to maintain the high natural value of farmland and the protected areas.		
		SO 6: To promote the sustainable management of the forest land	Knowledge transfer is necessary to ensure a sustainable forestry management	Landscape preservation, biodiversity; water and climate changes		

			CSG 1	CSG 2	CSG 3	CSG 4
R	Axe	Strategic objectives				
<b>ROMANIA- national strategy of rural development</b>	3	SO 7: To maintain and to develop the economic activities aiming at increasing the employment.	Increasing the non agricultural income will consolidate the semi-subsistence farms.	Handcrafts and renewable energy activities will positively contribute to climate change.	Developing non agriculture activities in farms and creating jobs within micro enterprises.	
		SO 8: To increase the attractiveness of the rural areas.		With a special support on the infrastructure respecting the environment priorities.	Creating services for the population and economic activities.	
		SO 9: To develop the skills and to stimulate awareness of the local actors about local governance.		Training will contribute to improve the environmental awareness.	X	Support for public and private partnerships.
	4	SO 10: To promote the endogenous potential of the territories.	Increasing the number of projects.		Increasing the engineering capacity and contribute to the increase the employment.	X
		SO 11: To improve the local governance.				X

This general approach will support a wide extent of operations, aiming at the objectives of the Community strategic guidelines like the following issues:

- To contribute to a continuing development of Romanian agriculture and forestry, assuring the continuity of the reforms launched in 2005 for modernizing the agricultural and the agri-food sectors;
- To contribute to improve the competitiveness of the agricultural and forestry sector by support for restructuring, development and innovation;
- To encourage the elimination of disparities and assuring the added value of agricultural and forestry production, thus complying with the requirements of the common market in terms of preserving the consumer's health, the environment and the economic competitiveness;
- To improve living and working conditions in rural areas, particularly to enhance economic growth by diversification of rural economy and creation of employment, and to avoid social problems caused by population migration from rural areas. To improve the environment and to maintain the landscape by support for land management including areas with natural handicaps.

## Chapter 3

# Strategy as divided into axes, including quantity objectives, intentions and indicators applied

### 3.1 Axe 1: Improving the competitiveness of the agricultural and forestry sectors

The improvement of the competitiveness of agricultural, forestry and food processing enterprises will be implemented around three strategic objectives (SO). Each of these objectives will be broken down into specific objectives based on one or more measures proposed by the regulations (EC) 1698/2005.

The SAPARD programme experience has shown the need for flexibility and simplification both in the implementation system as well as in the financing terms in order to provide access to funds for most farmers.

#### **SO 1: To improve the skills of the farmers and persons relating to the forestry sector allowing a better management of the agricultural holdings and forest**

The human resources related will be organised according to the needs of the different categories of farmers and foresters:

The farmers (from large and family farms) and the foresters participating actively in the market have to adapt their production according to the demands of the market, according to the requirements of efficiency, and respecting the various farm and forest standards. The present low level of qualification makes it necessary to improve and intensify **vocational training, advisory services** and permanent information actions. These actions shall allow the agricultural producers and foresters to improve the general management of the agricultural or forest holding in order to achieve efficiency, and thus having an impact on the holding's overall results, as well as to identify the requirements needed for observing Community standards and the cross-compliance conditions. The community support will allow setting up and developing integrated actions linked to the needs and realities of the different regions.

The measures regarding the improvement of farmers', foresters' and other persons' (involved in the agri-food sector) skills, is an integrated component of the efficient implementation of the agricultural structural adapting measures (setting up young farmers, supporting semi-subsistence farms, setting up and functioning of producer groups) as well as of the measures for agricultural holding modernisation and for increasing the added value of agricultural and forestry products.

In particular, **socio-economic advisory services** may both help farmers to better understand and adapt to these transformations and guide them to tailor-made solutions.

The socio-economic advisory and consultancy services will help farmers and foresters to adapt to the agricultural and forestry structural transformations, will contribute to the promoting activities for a sustainable management of the agricultural and forest holdings, and, also to the preserving of natural resources, according to the market strategies (including ecological agriculture).

The training, information and diffusion of knowledge actions will also be aimed at producing and using renewable energy, which represents an opportunity for the agricultural and forestry sectors.

#### **SO 2: To improve the competitiveness of commercial and semi-subsistence farmers**

The support of investments under **“physical capital”** will be conceived in a way not only to introduce technical progress, to reduce production costs and rationalize production processes but also to introduce hygienic- and work-security and other relevant standards. For the semi-subsistence farmers, which might develop into family farms, a ‘support-package’ will be available containing the semi-subsistence-premium, access to investment in agricultural holdings, professional advice for production and investment matters paid to 100 % by public means and membership in producer groups. An improved agricultural infrastructure will stabilize these investments and make them more profitable. At the same time, the agricultural and forestry sector is in need of and new and modernised infrastructure adapted to the new

property structures. This can be accomplished by granting support for improving the accessibility to the agricultural and forest holdings as well the access to the water and energy supplies.

**SO 3: To restructure and to modernise the processing and marketing sectors for agricultural and forestry products'**

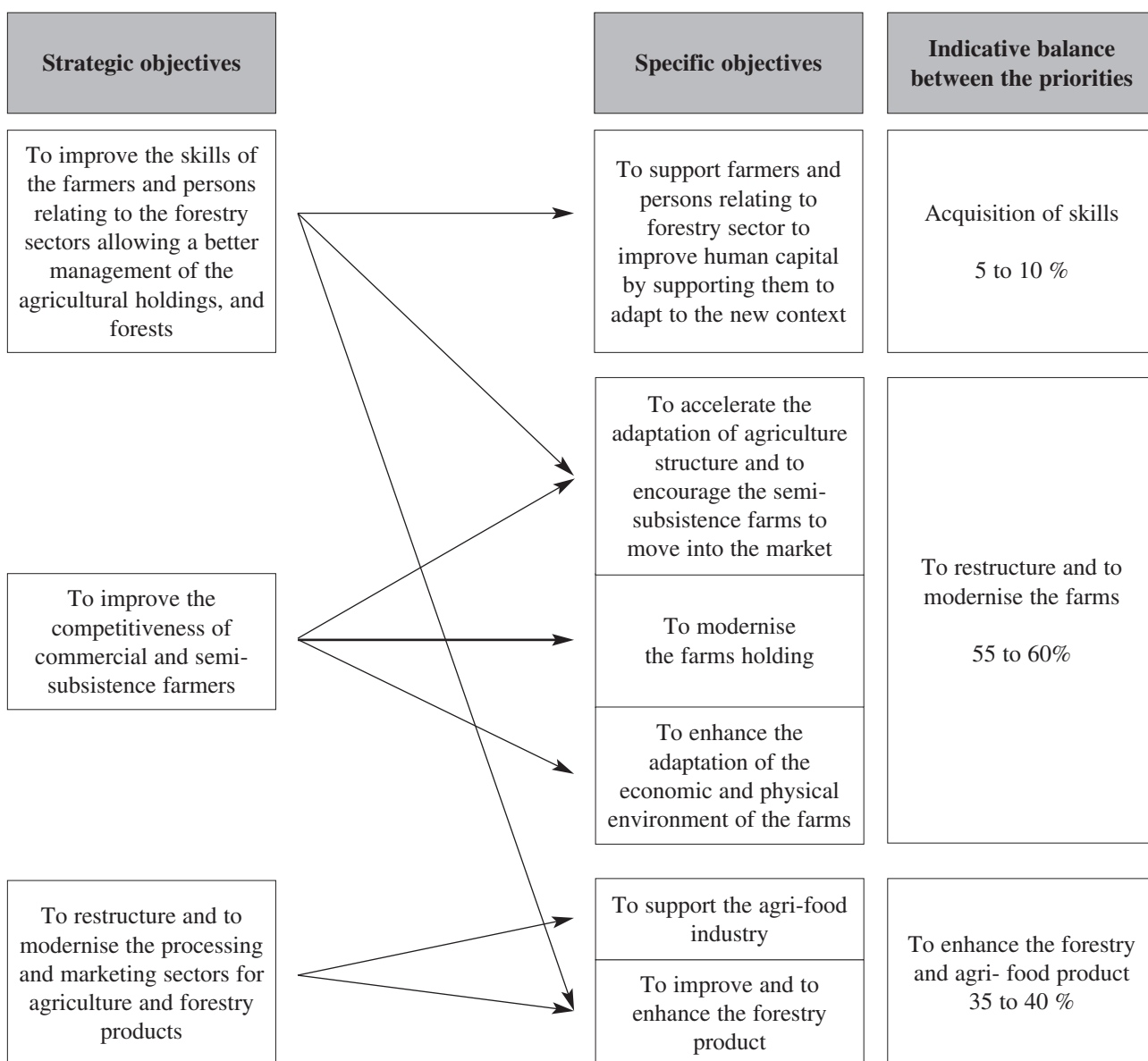
The development of the 'processing – marketing chain' for agricultural and forestry products has to be based on demands - offers principle and the purchasing power of the population. Against this background domestic investment should be encouraged in small and medium-size processing enterprises in rural areas. Taking into account of the current national situation, the investments for marketing and processing of agri-food and forest (wood and non-wood) products shall be encouraged, aiming at increasing the products' value while observing the quality and food safety requirements as well as the market demands.

In this sense, food and forest processing is an ideal complement to the agricultural and forestry activities of the rural population. In addition to augmenting the income of entrepreneur families, the activities will generate local jobs. Therefore, these policies will be part of a general forward - looking rural development strategy. The setting-up of producer groups will help to offer high quality products in adequate quantities and in the required time span to the processing- and marketing units

Based on these objectives the balance of priorities within this axis will be the following, from 55 to 60% dedicated to the modernisation and to the consolidation of farms, from 5 to 10% to the acquisition of skills and from 35 to 40% to enhance the forestry and agri-food product chains.

The break-down into specific objectives and the proposed indicative balance of priorities is shown in the following scheme:

**Table of Axis 1**



### 3.2 Axis 2: Improving the environment and the countryside

Measures under Axis II are focused upon maintaining and enhancing the quality of the rural environment in Romania by promoting the sustainable management of both agricultural and forestry land. This is in recognition of the need to:

- encourage a better balance between the economic development of rural areas and the sustainable use of the natural resources upon which present and future economic growth will be built and maintained;
- financial support for farmers and foresters for providing environmental services;
- support the conservation and protection of wild flora and fauna, soil and water in accordance with EU environmental objectives relating to agriculture and forestry, including the maintenance of High Nature Value (HNV) farming systems, management of Natura 2000 sites, obligations of the Water Framework and Nitrate Directives, and the mitigation of climate change.
- maintain and enhance the attractiveness of rural areas as the basis of farm diversification and other alternative economic activities, especially regarding tourism and leisure activities;

The Axis II measures will be implemented around three strategic objectives. Each of these objectives will be broken down into further specific objectives based on one or more measures available under Regulation (EC) No. 1698/2005.

The priority is to keep the natural environment in a good shape throughout the whole territory of Romania. It is also necessary to combine the available measures with an appropriate range of advisory and information measures, as well as to ensure that they are fully compatible with all statutory requirements upon farmers, including the baseline of cross-compliance.

Certain specific agri-environment and forest-environmental measures may be restricted to specific areas.

#### SO 4: ‘To ensure the continuous sustainable use of agricultural land’

Maintaining and enhancing the quality of the rural environment in Romania is strongly connected with ensuring continuous and sustainable land-use, especially in those areas that suffer from limited agricultural productivity due to the natural handicaps of altitude, slope, low agricultural productivity and poor climatic and soil conditions. This is particularly important for avoiding the abandonment and possible loss of large areas of extensively-managed agricultural land in mountain areas that have natural and cultural values. Many of these areas include Natura 2000 sites that require ongoing management by farmers (e.g. grazing of semi-natural grasslands) and also offer good potential for the development of rural tourism. Since Romania has to deal with important spatial discrepancies regarding the agricultural production there is therefore a high motivation to commit significant resources to these less-favoured areas through the provision of natural handicap payments .

#### SO 5: ‘To preserve and to improve the state of the natural resources and habitats ’

The protection and enhancement of natural resources and habitats is a high priority for Romania in accordance with the environmental needs of its rural areas, various international obligations and the strategic guidelines established by the European Commission. Farmers and other relevant land managers will therefore be encouraged to introduce or continue the use of agricultural production methods that are both compatible with the protection and improvement of the environment and go beyond the relevant baseline standards. The main environmental issues that will be targeted under this strategic objective include:

- conserving areas of High Nature Value (HNV) farmland which are under threat from changing land use, agricultural intensification and/or abandonment. Although the concept of High Nature Value (HNV) agricultural land is not yet fully developed and applied in Romania, it is **highly relevant** since there are many traditional farming systems and areas of extensively-managed agricultural land that support a high diversity of wildlife species and habitats, and/or the presence of endangered wildlife species of European/global significance. This includes Natura 2000 sites and other national protected areas which are of prime importance for nature protection;
- improving soil and water management, including in those areas affected by severe soil erosion and at risk of high nutrient losses;
- developing organic farming as an environmentally-friendly and profitable method of agricultural production;

Agri-environment payments and Natura 2000 payments (30 to 40%) will be co-ordinated to ensure complementarity, exploit synergies and avoid over-compensation.

#### SO 6: ‘To promote the sustainable management of the forest land’

In addition to their productive capacity and economic value, forest carries out a very important function for the conservation of biodiversity and natural resources protection – including the key priorities for Romania as preventing soil erosion, reducing the risk of flooding and mitigation against greenhouse gas emissions and climate change.

The most important action necessary to address these priorities are the expansion of forest land by afforestation of both agricultural and non-agricultural land. Afforestation, together with the development of environmentally friendly

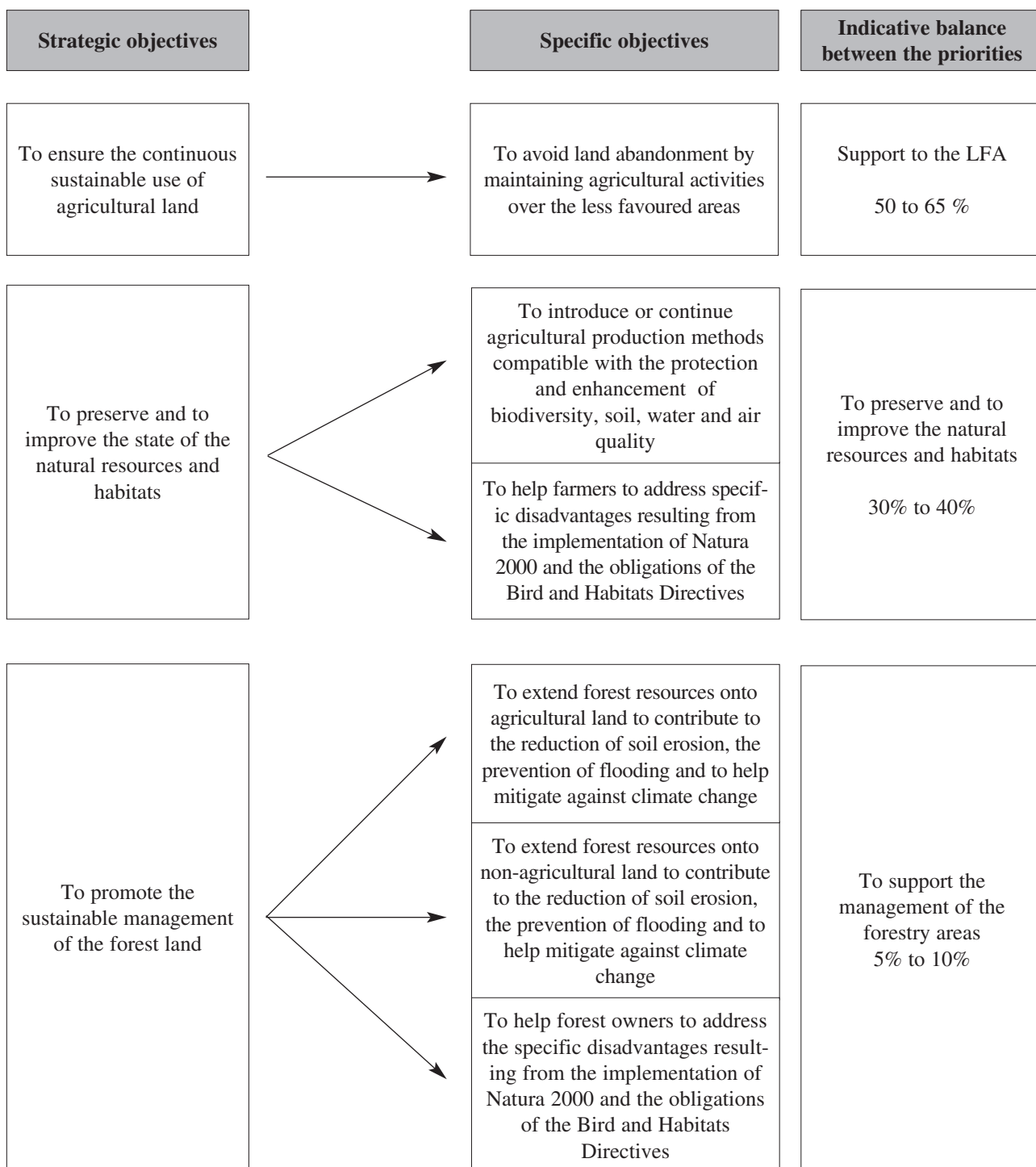
forest management practise, will play a key role in these struggles and will increase the sustainability of the rural economy. Afforestation- measures will be correlated in terms of ecology and nature protection and they will be carefully formulated in order to ensure no conflict with other objectives such as the conservation of High Nature Value grasslands..

Once the process of Natura 2000 site designation and management planning is complete, then compensatory payments for forest owners will be introduced to address the specific restrictions in production practices disadvantages resulting from the EC Bird and Habitats Directives obligations that will be subject to.

Based on these objectives the balance of priorities within this axis will be the following, from 50 to 65% dedicated to the less favoured areas, from 30 to 40% to preserve and improve the natural resources and from 5 to 10% to support the management of forest land.

The break-down into specific objectives and the proposed indicative balance of priorities is shown in the following scheme:

**Table of Axis 2**



### 3.3 Axis 3: The quality of life in rural areas and rural economy diversification

The improvement of the quality of life in rural areas and rural economy diversification will be implemented around three strategic objectives. Each of these objectives will be broken down in specific objectives based on one or more measures proposed by the regulations (EC) 1698/2005.

The analysis of the current situation in chapter 1 has shown that the modernization of the agricultural sector and the enhancement of the competitiveness will have consequences on social dynamics in rural areas since the increase of farm productivity and competitiveness requires a substantial transfer of labour from farm to non-farm activities. Hence, the mobilization of the EAFRD under Axis 3 will be centred on the development of the economic attractiveness in order to stabilize existing jobs and to create new jobs as well as to improve the living conditions of the rural area.

The construction and development of an adequate level of infrastructure is essential for the economic and social development of rural areas and to the achievement of balanced regional development.

A modern infrastructure is essential if rural areas are to compete effectively for inward investment and remain competitive for existing and new indigenous enterprises. It also contributes to making rural areas attractive places in which to live and work.

In order to reach these objectives Axis 3 will contribute to these needs of a sound wider rural development as follows:

#### SO 7: ‘To maintain and to develop the economic activities aiming at increasing the employment’

This objective will aim at the encouragement of non-agricultural activities. The capital intensification of commercial farms through Axis 1 will lead to increase the surface area of these farms and to employ less labour in order to make them more competitive, issue that also involve the necessity of jobs creation in non-agricultural sector in order to absorb the additional labour from agricultural sector.

The diversification of farming activities will be targeted to stimulate **diversification in all kinds of commercial holdings, such as processing of own raw products, direct marketing or encouragement of agro-tourism activities and handcrafts**. A special attention will be given to the **support of semi-subsistence farmers** who depend on such additional and diversified activities in order to make fully use of their labour capacity. Moreover, in order to **absorb particularly the high amount of young underemployed labour force from subsistence farms, micro-enterprises** will be encouraged to start economic activities in the rural areas and to diversify the traditional pattern of mostly service oriented offers in the villages. **Rural tourism activities and linked efforts of entertainment** will be supported also, with a positive impact on the setting up of additional jobs, as well. This support will be combined with efforts to improve the natural and social environment as well as the services and a better structuring of the marketing of typical local and regional products. In this sense, the growing branch of agro-tourism with its traditional warm hospitality will be combined with the preservation of valuable cultural traditions and customs.

#### SO 8: ‘To increase the attractiveness of the rural areas’

This objective aims to improve living conditions in Romanian countryside in order to maintain and to improve the social and economic standards and to prevent rural areas from depopulation.

Making rural areas sustainable growth also requires facilities access. In this respect, the key solution to ensure a balance of the rural area is that of an improved access to infrastructure for the rural actors.

- A first group of actions aimed to improve the attractiveness of life in the villages by setting up integrated projects of village renewal, aiming to provide an adequate infrastructure and basis social economy services for rural population on the one hand, and on the other hand, to preserve the local cultural heritage, in a manner which can contribute positively to the social, educational opportunities and also to the safeguard of the nation’s cultural heritage. As, infrastructure represents a major concern for development, a considerable financial support will be complementarily provided by structural and cohesion instruments and other governmental programs;
- A second group of actions will target the setting up, upgrading and diversification of tourist infrastructure and related facilities and amenities in order to promote a competitive rural tourism. In the same time, the capitalisation of rural natural heritage is aimed too, in a strengthen lead with landscape preservation.

#### SO 9: ‘To develop the skills and to stimulate awareness of the local actors about local governance’

This objective is mainly targeted to awareness, understanding and motivation in rural communities so as to enable their full participation and input into the preparation of local development strategies. In this respect one of the biggest challenges for the Romanian rural areas is that of setting up and implementation partnerships and associations, where all inhabitants could contribute with ideas and funds for the setting up of local development strategies, as a tool for the capitalization of resources and solving specific issues. Knowledge and skills are needed in order to draft studies and analyses, outline the needs and means to cover them.

The human factor represents the main element which ensures the success of achievement all strategic objectives. From this point of view, extremely important remain the improvement of professional knowledge’s and skills of human

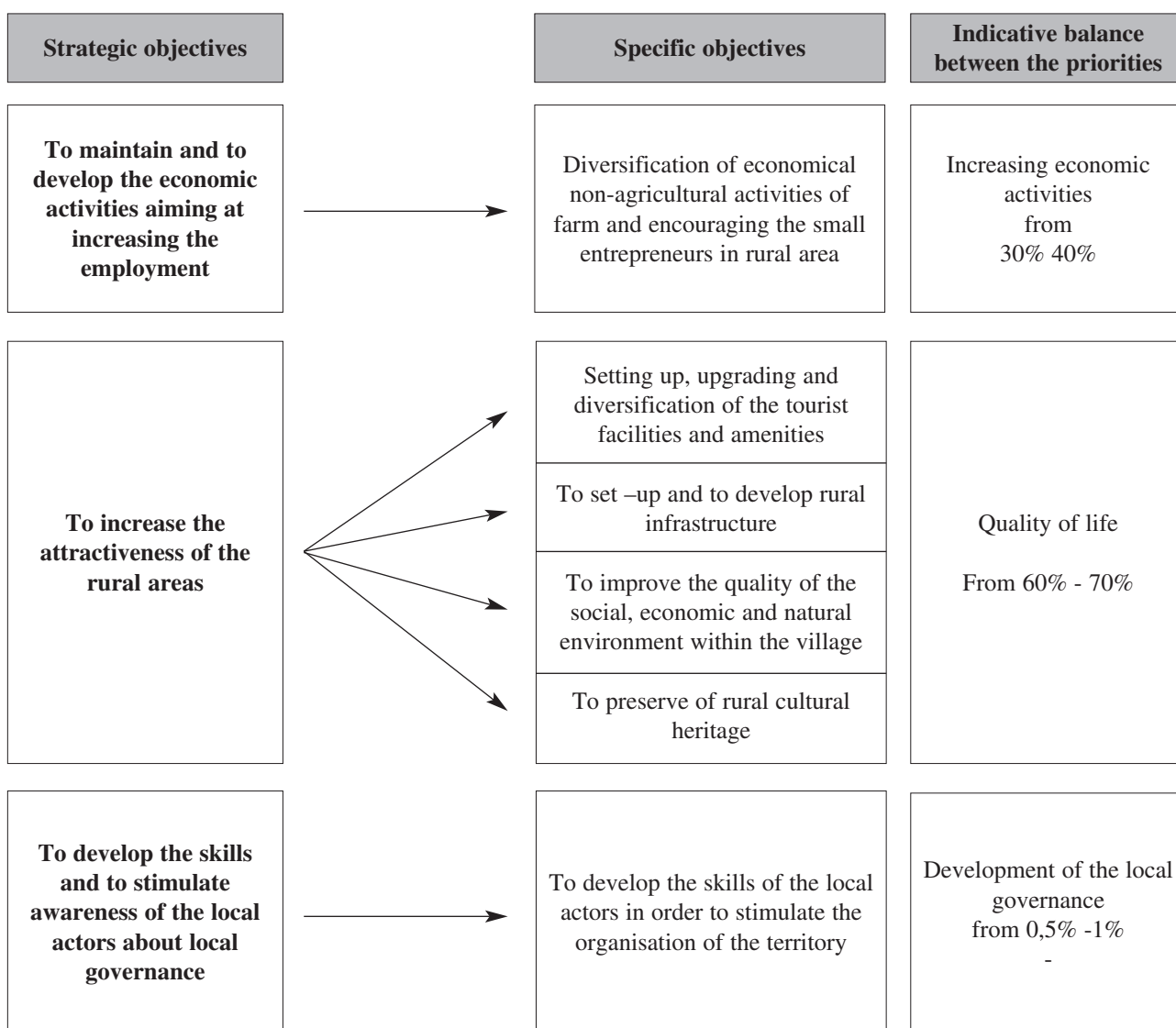
capital from rural area, like base for development and inception of non-agricultural activities.

Taking into account that the Operational Program for Human Resources Development (SOP HRD), implemented through the Minister Of Labor, Social Solidarity And Family, have in view a complex approach for the vocational training of the population from rural area and their guidance into entrepreneurship field, mainly for those involved in the semi subsistence and subsistence agriculture, wherefore their reorientation to non-agricultural activities, was agreed an adherences between those involved institutions, in order to ensure an efficient and complementary implementation of NRDP financed by EAFRD and SOP HRD by ESF.

Based on these objectives the balance of priorities within this axis will be the following, from 30 to 40% dedicated to increasing economic activities, from 60 to 70% to improve the quality of life, from 0,5 to 1% to develop the conditions of the local governance.

The break-down into specific objectives and the proposed indicative balance of priorities is shown in the following scheme:

**Table of Axis 3**



### 3.4 Axis 4: Implementation of the Leader approach

The strategic orientations of the Community for the rural development invite to use the resources allocated for axis 4 to improve the governance and to mobilise the endogenous potential of the rural zones. Romania will decline these orientations in the following way.

The great diversity of the Romanian rural territories will be in the centre of the integrated local strategy made by a solid partnership: each territory, thanks to its particular physical and human resources (equipment in natural and cultural factors, remarkable sites, regional traditions, particular know-how) can contribute with its original input to the economic and social development of the country.

The local development strategies should be implemented based on a global approach grounded on the different sector of the rural economy. In this way LEADER will cover certain measures from axes 1 and 3.

### SO 10: ‘To promote the endogenous potential of the territories’

Concerning the **partnership** responsible of the management and the implementation of the inter-sectoral local development strategy, the mixed nature private and public, which brought the representativeness, the pragmatism, the openness, and entrepreneurship, is a major priority of LEADER. A particular effort will be made to involve the private partnership and notably the farmers and foresters aiming at to increase the synergy between the two axes. A particular attention will be made to the participation of young people and women within the partnership.

Each local development strategy will be built around a **well identified priority**, so that the support of the EAFRD will not disperse. This targeting will contribute to the legibility of the strategy within the territory and outside.

A special attention will be paid on the **innovation** and **pilot** characters of the project funded by LEADER in particular by checking the selection criteria which will be proposed by the LAG. These criteria will allow a better coordination **between LEADER and the other axes** of EAFRD support. The implementation of original and ambitious approaches will allow exploring new practises which can profit to the rural areas.

**The co-operation** allows an opening and very valuable sharing of experience. It is factor of spreading of the European citizenship within its trans-national implementation. It will fully form part of the objectives of the Romanian LEADER approach. It will be facilitated by a methodological accompaniment which will be based in particular on the Romanian rural network and the European network.

### SO 11: ‘To improve the local governance’

The development and the implementation of the **local development** strategies require a great work of **engineering and management** on the field, particularly in Romania where this approach is new. A great attention will be paid on this issue and Romania has already started to organise before the official launch of the programme some training sessions targeted these human resources.

The LEADER approach will require attention and commitment to be implemented correctly in Romania. The priority will be given when the programme will start to the preparation of the potential Leader territories with the support of the measure 431 adapting for Romania related to building representative local development partnerships, drawing up integrated development strategies, financing research and prepare application for the selection of local action groups. For this kind of support, Romania will allocate 2.5% from total allocation for axis 4 until last selection of LAGs.

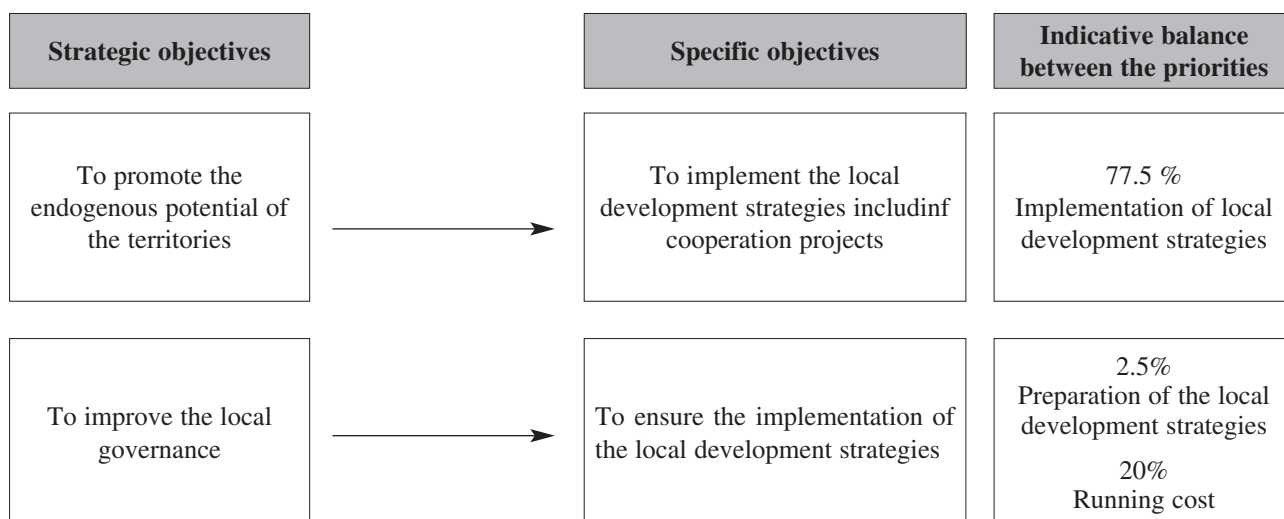
Due to the Romanian specificities and to the fact that the LEADER approach represents a new concept, several selection sessions will be needed. The time span needed to finalize the national selection process of LAG-s will also be longer. In the first phase, the most representative partnerships in terms of organization and gained experience will be selected and they will constitute an example for the other territories. These LAGs will represent a good example of the local development practise and will support the training process for the partnerships who wants to participate in additional call for proposals aiming to select another group of LAGs.

The territories not selected during this period could start to benefit of the support of the measure 341. The breakdown into specific objectives and EAFRD-measures and the proposed indicative balance of priorities is shown in the following schema.

Based on these objectives the balance of priorities within this axis will be the following: 77,5% dedicated to the implementation of local development strategies, 2,5% dedicated to the preparation of local development strategies and 20% to the running cost of the LAG.

The break-down into specific objectives and the proposed indicative balance of priorities is shown in the following scheme:

Table of Axis 4



### 3.5 Quantified objectives and indicators

#### Axis 1

Strategic objectives	Indicative balance between priorities	Strategic indicators	Initial stage	Objective 2013
To improve the skills of the farmers and persons relating to the forestry sector allowing a better management of the agricultural holdings, and forests	5 to 10 %	<b>% of farmers with basic and full education attained</b>	<b>7.3% NIS 2005</b>	
To improve the competitiveness of commercial and semi-subsistence farmers	55 to 60 %	No. of semi-subsistence farms < 1 ESU	3,020.18 Thousands NIS 2005	
		<b>Labour productivity in agriculture</b> GVA( at basic price - in euros)/AWU (EU-25=100)	<b>14 euros Eurostat average 2002-2004</b>	
		Employment development of primary sector	2,943 Thousands people employed NIS 2005	
		Economic development of primary sector	4,576.9 Million Euros - 2002 - NUTS 2 Eurostat	
To restructure and to modernise the processing and marketing sectors for agricultural and forestry products'	35 to 40 %	<b>Labour productivity in food industry</b> Thousands euro/employee	<b>5 Evaluator</b>	
		Employment development in food industry	NA	
		Economic development in food industry	3,386 Million euros Eurostat National Accounts 2001	
		<b>Labour productivity in forestry</b> Thousands euro/employee	<b>3,4 Evaluator</b>	

**Axis 2**

Strategic objectives	Indicative balance between priorities	Strategic indicators	Initial stage 2007	Objective 2013
To ensure the continuous sustainable use of agricultural land	50 - 65%	% UAA in Non-LFA/LFA mountain / other LFA / LFA with specific handicaps	N.A.	
To preserve and to improve the state of the natural resources and habitats	30-40%	UAA of High Nature Value Farmland areas (Million ha) CLC 2000	3,32 (indicative)	
		Trends of index of population of farmland birds	N.A.	
		Surplus of Nitrogen (kg/ha)	N.A.	
		Agricultural emissions of greenhouse gases (1000 t of CO2 equivalent)	11.946,5 EUROSTAT 2003	
		% of the UAA under organic farming	0,75 MAFRD 2005 - indicative	
		% UAA for extensive grazing	14.11 NIS 2005	
		Areas at risk of soil erosion (Ton/ha/year)	5.29 MAFRD 2004	
		Production of renewable energy from agriculture	0.0 EuroObserver 2004	
To promote the sustainable management of the forest land	5-10%	Forestry area	26.80 NIS 2005	
		Production of renewable energy from forestry (kToe)	1.663 MET 2006	

### Axis 3

Strategic objectives	Indicative balance between priorities	Strategic indicators	Initial stage 2007	Objective 2013
To maintain and to develop the economic activities aiming at increasing the employment	30% to 40%	% Farmers with other gainful activities	19.9 2003 – EUROSTAT regional level	
		Employment development in the non-agricultural sector - thousand persons	6,204 NIS 2005	
		Economic development of non-agricultural sector: GVA in secondary and tertiary sectors at national level (Mio euros)	46,728.3 Result based on NIS data's 2004 <sup>1</sup>	
		Self-employment development - thousand persons	3,226 NIS 2005	

To increase the attractiveness of the rural areas	60 to 70%	Tourism infrastructure in rural areas - no bed place	277,047 Eurostat 2001	
		Net migration rate	-0.33 NIS 2005	
		Development of the services sector - % GVA in services in total GVA	51.8% NIS 2004	
		Km of roads built/modernised in rural	63,970 Km - NIS 2005	
		No. of inhabitants benefiting of sewerage and water supply in rural - millions	sewerage 1.15 water supply 3.4 - NIS 2004	

To develop the skills and to stimulate awareness of the local actors about local governance	0.5 to 1%	Life long learning (% of adult participating in education and training)	1.6% NIS 2005	
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<sup>1</sup> In 2004 exchanges rates –annual average values ( 1 Euro= 40,532 ROL)

#### Axis 4

Strategic objectives	Indicative balance between priorities	Strategic indicators	Initial stage	Objective 2013
To promote the endogenous potential of the territories	77,5 %	Share of population covered by LAGs	0	
		Total size of the LAGs area (km <sup>2</sup> )	0	
To improve the local governance	2,5 %	Number of Local Action Groups	0	
	20%			

## Chapter 4

### Financial resources of Rural Development Programme (indicative allocations), including amounts earmarked for Convergence Objective

NRDP	EAFRD	
	Amount	%
Axis 1: Improving the competitiveness of the agricultural and forestry sectors	3,174 M€	42,2%
Axis 2: Improving the environment and the countryside	1,880 M€	25%
Axis 3: The quality of life in rural areas and rural economy diversification	1,979 M€	26,3%
Axis 4: Implementation of the Leader approach	188 M€	2,5%
Technical Assistance	301 M€	4%
<b>Total NRDP</b>	<b>7,522 M€</b>	<b>100%</b>
Contribution to CNDPs	500 M€	
<b>Total EAFRD</b>	<b>8,022 M€</b>	

## Chapter 5

# Internal and external coherence of NSP

### 5.1 Internal consistency

Although the priorities for the intervention of EAFRD are presented axis wise, there are strong **synergies between the axes of Pillar 2**. In many cases, the support measures of one axis will contribute to achieve the objectives of the other axes. In this respect, consideration must be given as well to the objectives overarching the 4 axes: environmental protection and nature conservation and equal opportunities for men and women. The support measures are to be geared to one another inter alia so that duplication of support is avoided.

Priorities and measures defined for **Axis 1** aim at increasing the competitiveness of the agri-food and forestry sectors. The improvement of competitiveness refers to restructuring, technological modernisation and better technical and managerial skills working in agricultural holdings. The contents under this axis are compliant with the adopted EU and national standards in agriculture, forestry and processing. The objectives of the NSP complement each other and contribute to the overall fulfilment of the basic standard requirements on environment, animal welfare, hygiene, food safety and other production and processing standards. These objectives thus improve, in middle and long term, the economic stability of agricultural holdings.

The objectives under **Axis 2** secure the cultivation of rural areas by implementing nature-friendly technologies in agriculture and forestry. They contribute to the environmental protection, conservation of natural resources and production conditions in agriculture and forestry. The settlement of the countryside and the cultivation of agricultural land as well as forest management are essential for securing the sustainable development of rural areas.

Between **Axis 1 and Axis 2** exists a strong synergy: Training and advice provided to the farmers and adult persons dealing with agricultural, food and forestry matters as regards environmental protection are related and linked to the respect of farm standards, pro-environment land management projects, and high quality food and environment protection.

The objectives under **Axis 3** encourage business and are aimed at improving the quality of life in the countryside. Thereby, employment opportunities shall improve and have positive effects on the economic development of rural areas and the conservation of natural and cultural heritage. The recovery of other resources in rural areas shall enable the diversification of the activities in the countryside. Furthermore, the axis 3 activities upgrade, complement and improve the effects of axes 1 and 2: the development of the processing and marketing chain for agricultural and forestry products particularly in small and medium-size processing enterprises located in rural areas will generate local jobs; high quality products will stabilize agro-tourism (diversification). The competitiveness and stability of agricultural holdings will be improved by the introduction of other gainful activities promoted under Axis 3. Support of the use of renewable energy sources will counteract harmful climate changes; services provided for residents. Landscape protection, biodiversity influences the quality of life (improvement of water quality, quality of environment and landscape; stimulation of agro- and eco-tourism). Improvement of local infrastructure and providing access to markets and better conditions for the operation of farm holdings; services for residents (e.g. water and sewage water quality) will improve the living conditions in villages and help stabilizing the population density in rural areas.

The LEADER axis encourages development activities based on the local needs. They emerge from the local potentials and enable and promote partnership cooperation in rural areas by active integration of the population into the drawing up and the implementation of the activities. The implementation of the LEADER approach includes the objectives

of axes 1 and 3. Hence, the animation of Local Action Groups will have a positive impact on the implementation of measures of all axes, e.g. human resources, physical capital and the quality of agricultural production and products, the sustainable use of agricultural and forestry land as well on the quality of life and economic innovation and diversification.

## 5.2 Consistency with the 1<sup>st</sup> Pillar

**Regarding the consistency with 1<sup>st</sup> Pillar interventions** the major relations are seen in the field of direct payments and cross compliance, the milk-quota system and the requirements of Good Agricultural and Environmental Conditions (GAEC).

The general principles for **direct payments in Romania** are:

- Romania has opted for the simplified area payment scheme -SAPS for a period of 3 years, with the possibility of a 2-year extension, based on the Commission agreement. In the meantime, Romania will perfect its Integrated Administration and Control System, so as to be able to answer the EU requirements.
- To compensate the 10-year period impact generated by the gradual implementation of direct payments, Romania has decided to supplement the direct payments granted under SAPS with complementary national direct payments – CNDPs.
- SAPS will be fully financed from EAGF.
- For the vegetal sector, the CNDPs will be financed from the national budget and from the National Rural Development Plan (20% co-financing) for the first three years and for the animal-breeding sector, they will be financed 100% from the national budget.
- The CNDP amounts will be allocated to sectors playing a significant role in Romanian agriculture and that need to be supported according to the provisions indicated in the National Strategy for Agriculture and Rural Development, without prejudice to the interest of the Common Agricultural Policy.

In **implementing the SAPS** Romania pursues to achieve the objectives complying with the objectives of the rural development policy and thus to contribute to all eleven strategic objective of the NSP. It is estimated that such direct payments shall contribute towards an increased competitiveness of Romanian agriculture as much as possible. Calculations for Romania show, that in 2007 the basic SAPS alone will not result in an immediate increase in income for agricultural producers, because they represent 25% of the 2004 level for direct payment receives by farmers from other member states. A topping up of SAPS by 30 percent CNDPs is envisaged to maintain the income level of all farmers. It is expected that the single payment scheme and other direct payments under the first pillar of the CAP in 2007-2013, together with the investment measures and other measures of the rural development policy, shall contribute towards the anticipated agricultural structure, i.e. larger, specialised, and more competitive farms as the groundwork of the agricultural economy. Direct payments shall also contribute towards setting up of a larger number of medium large family farms, including semi-subsistence holdings, and self-sufficient small farms to achieve other goals, i.e. environmental protection, maintenance of cultural landscape, social equilibrium and settlement.

The system of **milk quotas** has been introduced as a way of limiting Romanian production of milk up to 3 mio tons per year (1 mio tons ‘delivery quotas’, 2 mio tons ‘direct sales quotas’). Beginning with April 1<sup>st</sup> 2007 the conversion from direct sales quota into delivery quota by selling and buying will be authorized. The measure description ‘Early retirement’ of Axis 1 foresees, that a farmer who applies for early retirement aid, when transferring the agricultural holding, is obliged to transfer also the possessed livestock (excluding animals reared for own needs) and the entitling rights connected with the conducted farming activity on this land (e.g. direct area payments, milk quotas, agri-environmental commitments, etc.) This synergy potential between Pillar II and Pillar I interventions shall help to stimulate the milk quota market, to increase the share of the delivery quota and improve in this way the market potentials of the Romanian food industry.

In Romania, **Common Market Organisations (CMO) schemes and measures** are administered by the Paying and Intervention Agency for Agriculture (PIAA) with the full support of MAFRD. Following Romania’s accession to the EU on 1 January 2007, PIAA began its first CMO-related activity – the issue of import and export licences for agricultural products. PIAA is able to issue licences on demand and, to date, has experienced no severe difficulties with the operation of these measures.

PIAA is ready with operational procedures for other key CMO measures, including export refunds, intervention measures, private storage aid, quotas and support measures. It shall be ensured that the scope of financial activity financed by EAFRD does not overlap with the contribution of the Community in the frame of COM related activities. This refers in particular to the support of producer groups in the fruit and vegetable market or the assistance form the

restructuring fund for areas covered by restructuring of sugar industry.

In Romania, the priority CMOs are:

- Cereals;
- Wine;
- Meat and meat products;
- Poultry meat and eggs;
- Sugar;
- Milk and Milk Products;
- Fruit and Vegetables.

CMOs second priority includes flax, hemp, honey, hops, tobacco.

CMO administration is the subject of constant change within the wider setting of reform of the EU's Common Agricultural Policy. All of the priority sectors mentioned above have been the subject of recent wide-reaching changes which have to be implemented by all EU Member States. It is essential for producers and exporters to be aware of their rights and obligations by becoming familiar with the EU legislation for their sector. MAFRD and PIAA will ensure the cohesion of publicity activities regarding agricultural products and Common Agricultural Policy.

Other measures of structural nature implemented within the CMO (various activities of producer organisations, vineyard renewal, measures to improve the production and marketing of beekeeping products) contribute towards the competitiveness of agriculture and comply with the measures of axis 1 and 3.

On drawing up and implementing the programmes, especially for axis 2 measures, close coordination with the agencies competent for the implementation of the 1<sup>st</sup> pillar is ensured. The same also applies for the other Community policies to be taken into consideration.

### 5.3 Consistency with the national programmes

The 11 Strategic Objectives specified in the NSP chapter 3 are directly related to objectives set forth in the 4 Community Strategic Guidelines 2007 – 2013. The assumptions of the NSP take into account the guidelines stressing the issue of sustainable development as an indispensable condition for achieving other economic development goals, and refer also to national measures regarding:

- *credit policy for the farmers and companies in rural areas;*
- *life Annuity as introduction for the Axis 1 measure "Early retirement";*
- *cadastre improvement as preparation for a successful implementation of the Axis 1 measure 'Infrastructure related to the development and adaptation of agriculture and forestry;*
- *the setting up of socio-economic guidance services to the agricultural population;*
- *improvement of the genetic quality of cattle;*
- *upgrading of the primary irrigation networks and associative organization for its operation.*

As presented in Chapter 2, in order to reach the objectives defined in the National Strategic Plan, as well as the strategic targets of the Romanian agri-food sector in the post-accession period, several national programmes already existing before accession will be carried on, in a form which will be adapted to the development needs and opportunities. Their implementation will be performed in conformity with the provisions of the Accession Treaty and they will be adapted accordingly to the legal framework regarding the State aid.

#### • ***Rural credit and guarantee system for the farmers and companies in rural areas, especially for the middle class (Farmer Programme)***

For the first three years after accession, the Farmer Programme remains as facilitation for the access to investment loans of farmers and entrepreneurs in the rural areas. Thus, for the access to investment and development loans for semi-subsistence farms and for the small rural entrepreneurs, the policy would be for the setting up of mutual Houses of Rural Credits, at the level of local communities, to be structured and coordinated as part of the National House of Rural Credits. As generally approach, the Farmer Programme will continue to facilitate the access to credits for investments, as a policy of providing prefinancing and co-financing funds for the access of beneficiaries to projects funded as part of the NRDP. Having in view, the rural credit guarantee system applied for the pre-accession SAPARD funds using the national funds, this will be maintained and adapted for the next period using for guarantee system the facilities provided by the implementing rules of EAFRD support regarding the financial engineering provisions.

#### • ***Life Annuity***

For the first three years after accession, the Life Annuity Program will be continued in order to speed up the concentration of the chopped agricultural lands in the efficient agricultural exploitations.. During this period, the legisla-

tion on Life Annuity Program will be revised in order to be in line with the Early Retirement measure of the NRDP. The program could also be correlated with the measure on the Setting up of Young Farmers, thus facilitating the access of young farmers to establishing or taking over agricultural lands.

• ***Cadastral and land consolidation***

The process of land restitution to the former owners is in process of finalization, and it will be continued with the intensification of the agricultural land cadastre and the consolidation of agricultural land plots. The funding for this program will be secured from the financial resources of the World Bank. After the cadastre is set up, the agricultural land may be used as collateral for bank loans, thus liberalizing the land market; in this way the land merging and farm creating will be based on market requirements. This activity will be correlated with the NRDP measures on the improving and developing infrastructure, the setting up of young farmers and the early retirement.

• ***Improvement of the genetic quality of cattle, sheep and goats***

The program of improving the genetic quality of cattle, sheep and goats will continue, including in small and medium-sized farms. The main object of this program is not to increase the number of cattle, sheep and goats, but will improve the quality and economic performance of the animal breeding sector by replacing the existing livestock with the young animals with the high and improved genetic value.

The program will be correlated with the implementation of the milk quota and granting of the direct complementary national payments to animal breeding, as well as the measures for the modernization of agricultural holdings included in the NRDP.

• ***Improvement of the milk cow quality***

The main goal of the programme is to stimulate the improvement of the quality of the milk to be processed. This correlates with the complying programmes of the units benefiting from the transition period for milk processing. The programme is being implemented since 2006 and available to all cow milk producers who hold the milk quota for deliveries. As regards the granted support, the allocated amounts cover a part of the production costs incurred in order to obtain a standard milk quality.

The program will be correlated with the implementation of the milk quota and granting of the direct complementary national payments to animal breeding, as well as the measures for the modernization of agricultural holdings included in the NRDP.

• ***Support and development of the advisory capacity for agriculture and rural economy***

In order to increase the quality and coverage of advisory needs for agriculture and the rural economy, there will be financial support provided by World Bank project for the setting up and development of the advisory system. This project envisages strengthening of private advisory services in line with the specific needs and opportunities for subsistence, semi-subsistence and family farms. This program, will establish the basis for the implementation of the NRDP measures which refer to the transformation of semi-subsistence farms in market-oriented family-owned farms.

• ***Upgrading of the primary irrigation networks and associative organization for its operation***

This will be supported by the continuous upgrading of the primary irrigation network in the plain areas, in parallel with the increase in the number of associations of water-users. This upgrading is necessary in order to improve the efficiency of the current network, which is energy intensive and outdated, especially in the agricultural areas of high potential for vegetable production. This program is meant to contribute to the grouping of lots and increased economic efficiency in their operation, also through the associations of water-users.

The program will be correlated with the measure for the modernization and development of the infrastructure related to agriculture and forestry sectors included in NRDP.

• ***Convergence and complementarity within national programmes in the forestry field***

Policy and strategy for development of forestry sector in Romania (2001 – 2010) and national Forestry Programme (2005) are the efficient instruments to sort out the major forestry problems in Romania. The convergence between the National Strategy Plan for Rural Development 2007 – 2013 and national programmes in the forestry field is that both of them have the same purpose – the development of the forestry sector with the aim of rising his contribution towards life quality level based on sustainable forest management

In the same time, the strategic objective within national Strategy Plan for Rural Development which aim forestry sector are complementary to the ones aimed on the national plans and they filling up to the policies already exist in silviculture, exploitation, transport and wood manufacture, marketing, research, education and vocational training, as if:

- management of forestry resources according to sustainable management of natural assets concept;
- integration of the exploitation and wood manufacture activities in the sustainable management of natural assets with the aim of superior capitalisation of wood resources;

- wood resource valorification to promotion of product with high level of processing with the aim of sector sustainable development;
- development of scientific research and education with purpose on forest sustainable management, economical changes of forestry sector and amelioration of the environment on the national, regional and global level.

## 5.4 Coherence and complementarity with structural instruments

In various middle and eastern European countries, rural development supported by national and EU funds has made a positive impact benefiting also for a better alignment with the regional development agenda.

The increasing regional inequalities described in the Romanian Regional Development Program underlines the efforts of the MAFRD to aim in the NRDP, to take a more balanced approach to rural development by targeting rural areas that have a relatively high incidence of poverty and low levels of economic activity.

With the support of **advanced regional planning and programming** it is possible to deal with regional demands in a more efficient way. A co-ordinated and optimized preparation of regional/ rural as well as spatial development strategies/concepts will be applied and improve the preparation of appropriate projects and contribute to a higher quality and more efficient use of funds. Measures implemented in this way will suit better to social-economic location factors and individual local conditions, business and labour force. This will give activities a higher durability and sustainability concerning existing and new employment, according to the objectives of the EU rural and regional (development) policies: job creation and safeguarding as well as contribution to achieving social, economic and territorial cohesion

In order to provide an efficient intervention of EU funds during the 2007-2013 period, it is essential to ensure the complementarities and maximize synergy between the activities of the EAFRD under this National Strategic Plan and the Structural Instruments – according to National Strategic Reference Framework (NSRF), afterwards these connexions will be reflected at operational level, both in National Rural Development Programme and also in Operational Programmes funded through Structural Funds and Cohesion Funds.

National Strategic Reference Framework represent the basic strategic document for programming Structural Funds and Cohesion Funds in Romania in 2007-2013. The strategic vision of the NSRF tackles the needs for social and economic development, propose solutions for the regional disparities which Romania is confronted and support the EU development strategies. Through the integrated planning and coordinated implementation of priorities identified in NSRF aims that Structural Funds and Cohesion Funds have a strong impact and promote a well-balanced development of territory.

This includes addressing the disparities in development between different regions, as well as between urban and rural areas. Given the objectives of Romania's Rural Development Policy to increase the attractiveness of rural territory from an economic, social and environmental point of view and its focus on building basic services and developing the business environment in rural areas, it is clear that there is a strong correlation between the NSRF and this NSP.

### 5.4.1. Coordination between the EAFRD and the Structural Instruments

#### 5.4.1.1 Coordination mechanisms

The Ministry of Agriculture, Forests and Rural Development cooperates with the National Authority for the Coordination of Structural Instruments (NACSI) with the Ministry of Public Finances, based on the various committees and partnerships for the coordination of NSP / NRDP and the operational programs pertaining to structural funds. NACSI is the institution which ensures the coordination of Operational Programmes and their coherence with NRDP and OP for Fishing.

#### *The National Strategic Committee for Rural Development*

The National Strategic Committee for Rural Development (NSCRD) was set up according to the Memorandum of the 17 March 2005 in order to monitor the preparation process of the NSP and the NRDP. It is chaired by the Minister of Agriculture, Forests and Rural Development and comprises the representatives of other ministries and agencies, representative NGOs in agriculture and forestry and research and higher education institutions in the following fields: agriculture, forestry, rural development. This NSCRD will meet as needed but at least once every two years in order to validate the national strategic report. It will propose some recommendations concerning the implementation of the strategy and will be decided on the revision of the NSP.

NACSF representatives will also be invited to take part in the meetings of NSCRD, in order to revise the coordination of rural development perspectives.

#### *The National Coordination Committee for Structural Instruments*

The National Coordination Committee (NCC) was set up according to GD 1200/2004 and it is the main inter-ministerial decision-making body of the Romanian Government for the coordination and implementation of the European Union structural instruments. The Ministry of Public Finances chairs this committee, and its members are represented by the ministers in charge of the management authorities for operational programs supported by structural instruments and Certification and Payment Authority.

Both the representatives of the Ministry of Agriculture, Forests and Rural Development in its capacity of Management Authority for EAFRD, and the other relevant partners are invited to take part in the NCC meetings, to ensure the strategic correlation between Structural Instruments and the Programmes funded from EAFRD and EFF and for coordinate various national development components.

#### ***Regional Coordination Committees for Structural Instruments***

The Romanian authorities recognize the need for an additional mechanism to ensure coherence at the regional level (NUTS II) between the interventions funded by the Sector Operational Programs, drawing up by the Territorial European Cooperation and Convergence Objectives of Cohesion Policy, National Rural Development Programme and Operational Programme for Fishing.

The coordination committees will be set up in each of the 8 development regions. The Regional Coordination Committees will analysis and estimate periodical the implementation of the EU financed programmes in regions and will improve the strategic correlation of interventions from various Programmes, included those financed through EAFRD and EFF.

#### **5.4.1.2 Demarcation between funding sources**

The EAFRD intervention impose the setting up of demarcation with the Structural Instruments intervention in the context of each Programmes (OP):

- The SOP : “The increase of Economical Competitiveness” (ERDF),
- The SOP : “The environment” ( EFRD and Cohesion Fund),
- The SOP: “The Human Resource Development”(ESF)
- “The Regional Operational Programme” (ERDF).
- SOP “Fishery and Aquaculture” funded by EFF.

An overview of the types of demarcation lines to be established in the case of potentially overlapping interventions is set out, by OP, in the tables below:

FIELD OF INTERVENTION	NRDP	SOP ICE	ROP	SOP T	SOP ENV	SOP HRD	OP ACD
<b>Transport infrastructure</b>	X communal roads and other roads inside communes as is classified defined in national legislation		X county and urban roads;	X TEN-T and national roads			
<b>Water and sewerage systems</b>	X projects in rural localities under 10 000 equivalent inhabitants other than those financed within SOP ENV based on regional master plans and its attached lists elaborated by MEWM				X large-scale, integrated regional projects in urban and some rural agglomerations, according to the regional Master Plans and its attached lists		
<b>Flood prevention</b>	X works on local small water courses				X works of national water streams to be carried out by the NARW		
<b>Nature protection</b>	X Natura 2000 compensatory payments				X management plans for Natura 2000 sites		
<b>Renewable energy</b>	X processing of the agricultural products for obtaining renewable energy by SME's, micro enterprises and forestry products for micro enterprise (up to a certain total cost of a project stat- ed on NRDP)	X Production of renewable energy for large enterprises Production of renewable energy by SME's above a certain total cost of a project					

FIELD OF INTERVENTION	NRDP	SOP ICE	ROP	SOP T	SOP ENV	SOP HRD	OP ACD
<b>Direct support to enterprises</b>							
- micro-enterprises (activities of agricultural and forestry products processing)	<b>X</b> processing of agricultural and forestry products on whole territory						
- micro-enterprises (except for activities of agricultural and forestry products processing)	<b>X</b> all micro enterprises in rural area except for high-tech, spin-off's, and those involved in spa tourism	<b>X</b> (only high-tech and spin-off)	<b>X</b> (in urban areas, except for high-tech and spin-off)				
- Small, medium and intermediate sized enterprises	processing of agricultural and forestry products on entire territory <sup>13</sup>		<b>X</b> (SMEs in the tourism sector)				
- Large enterprises		<b>X</b> productive investments, except for first processing of agricultural products					
<b>Consultancy</b>							
- would-be entrepreneurs	<b>X</b> specific advisory consultancy for those involved in the agricultural, forestry and, agri-environment activities)					<b>X</b> entrepreneurial and management skills, except agriculture and forestry	

FIELD OF INTERVENTION	NRDP	SOP ICE	ROP	SOP T	SOP ENV	SOP HRD	OP ACD
Access to finance - guarantee funds	support to guarantee funds, which provide guarantees to businesses for farmers and related agricultural activities (agri food) and forestry	X support to guarantee funds, which provide guarantees to businesses, excepting farmers and related agricultural and forestry activities					
Management standards for enterprises	X Quality standards (food safety and environment systems in accordance with the intervention field)	X quality and environmental standards according to the intervention field					
Tourism	Small capacity tourism structures defined as micro-enterprises in rural areas except those related with spa tourism		Tourism structures in urban and rural area except small capacity tourism structures defined as micro-enterprises from the rural area				
- agro-tourism	X						
- services	X small tourism infrastructures for local rural communities up to a certain total cost of a project stated in NRDP, except infrastructure investment placed in spa tourism		X -tourism infrastructure in urban area - tourism infrastructure in rural areas over a certain total cost of a project - tourism infrastructure in rural spa areas				
- information and promotion centers	X local centers in rural areas	X national centres for several large tourism areas					

FIELD OF INTERVENTION	NRDP	SOP ICE	ROP	SOP T	SOP ENV	SOP HRD	OP ACD
Rehabilitation of cultural objectives	X local cultural and natural patrimony in rural areas	X national and UNESCO objectives in rural and urban area including the natural patrimony in urban area					
LEADER type activities	X LEADER type activities will be implemented in rural and urban areas as a part of a local strategy elaborated by the LAG		X ROP interventions, similar to LEADER type activities will be excluded from financing if proposed/approved under a LEADER type project				
Social interventions	X New investments in infrastructure related to local social services		X Rehabilitation, modernization and endowment of the existent social infrastructure			X Social services	
Education and training	Short-time vocational training for adult persons involved in agricultural, agri-food sector, and forestry, without qualification		X Educational infrastructure			X Vocational training for persons involved in non-agricultural sectors including subsistence farmers in order to shift their activities in non-agricultural one's	

FIELD OF INTERVENTION	NRDP	SOP ICE	ROP	SOP T	SOP ENV	SOP HRD	OP ACD
Vocational training for persons in subsistence agriculture in order to shift to other non-agricultural activities	X <sup>14</sup>					X training for relocation of the labour force from agriculture to other sectors	
Labour Force Training	Training for local action groups staff					X training labour force, except for public administration	X training in public administration
Active ageing	X early retirement in agriculture					X active ageing in other activities than agriculture	
Technical Assistance for SCF (including training)	X (NRPD specific support)	X (OP specific support)	X (OP specific support)	X (OP specific support)	X (OP specific support)	X (OP specific support)	X (OP specific support)

<sup>14</sup> According to the agreement enclosed between the MA for SOP HRD and MA for NRPD, the training for persons involved in non-agricultural sectors and subsistence farmers in order to shift their activities in non-agricultural one's will be supported by SOP HRD

## 5.5 Consistency with EFF

The SOP “Fishery and aquaculture” is orientated towards the improvement of this sector regarding the support of the agents involved in order to ameliorate the competitiveness of the fish producers and to establish an sustainable use of the existing resources.

In this sense the demarcation between EAFRD and EFF is based on beneficiary and intervention field. The EFF intervention will target only persons involved or intending to develop a fishery and aquaculture activities while the EAFRD intervention target the persons involved in agricultural and non-agricultural sector except those involved in fishery and aquaculture activities.

Both Axis 4 of the EAFRD and EFF may support local development strategies implemented by “Local Action Groups and “Groups”.

## 5.6 Consistency with other EU strategies and priorities

### *Community Environmental Policy*

The activities proposed under Priority Axis II are highly compatible with the priorities set out in the Sixth Community Environment Action Programme (6<sup>th</sup> EAP), especially those priorities with the following thematic strategies:

a) *EU Biodiversity Strategy (Natura 2000 Network)* – the 6<sup>th</sup> EAP calls for “*establishing the Natura 2000 network*” and “*promoting the integration of biodiversity considerations in agricultural policies and encouraging sustainable rural development, multifunctional and sustainable agriculture*”. In Romania the Ministry of Environment and Water Management is responsible for establishing the Natura 2000 Network and many sites will include agricultural areas that can be supported with rural development measures. In particular, the following Axis II measures proposed in Chapter 3 will be important for Natura 2000 site management and achievement of the Göteborg commitment to reduce biodiversity decline by 2010:

Less favourite areas payments to farmers will favour the continued maintenance of extensive management practices on high nature value farmland within Natura 2000 sites;

Agri-environment payments will significantly enhance the management practices for biodiversity conservation on high nature value farmland within Natura 2000 sites;

Non-productive investments will support those agri-environment payments targeting high nature value farmland, for example by supporting the infrastructure associated with traditional grazing systems;

Natura 2000 compensatory payments will directly compensate farmers in Natura 2000 sites for the specific disadvantages resulting from the implementation of the obligations of the Bird and Habitats Directives.

b) *Water Framework Directive (WFD)* – the overall objective of the WFD is to establish a framework for achieving “*good chemical and ecological status*” for all waters. Since the management of agricultural land impacts upon water quality in many ways, the agri-environment measures proposed under Axis II will be a useful tool to support implementation of the WFD – notably those measures with the objectives of reducing nutrient losses, protecting soil from erosion and promoting organic farming.

c) *Thematic Strategy on Soil Protection* – the 6<sup>th</sup> EAP calls for the sustainable use of soils with particular attention to soil erosion. Since soil erosion is a significant issue in Romania there are two specific activities proposed under Axis II:

Agri-environment payments will encourage farmers to adopt agronomic practices for improving soil management and conservation, including in those areas affected by severe soil erosion;

First afforestation of agricultural and non-agricultural land will help control soil erosion on steep slopes.

d) *European Climate Change Programme (ECCP)* – the ECCP aims to achieve the targets set by the Kyoto Protocol for the reduction of greenhouse gas emissions. Since intensive agriculture is an important source of both methane and ammonia, the encouragement of more sustainable, low input agricultural production methods under Axis 2 (including traditional grazing and organic farming) will contribute towards implementing the ECCP in Romania. Support for afforestation and the establishment of new forests will also be important for the absorption and retention of greenhouse gases, especially since younger trees grow more rapidly and absorb more CO<sub>2</sub> than older forests;

e) *Thematic Strategy on the Sustainable Use of Pesticides* – the 6<sup>th</sup> EAP aims to reduce the harmful effects of pollution upon human health and the environment, including from pesticides. The Thematic Strategy specifically aims to encourage the “*use of low input or pesticide free cultivation*” which is also promoted by the agri-environment measure under Axis 2 – specifically those sub-measures supporting extensive grassland management and organic farming.

### *The European Union Forestry Strategy*

The EU forestry strategy provides the improvement of forest management by forest protection and emphasises the multifunctional role of forests and sustainable forest management based on their social, economic, environmental, ecological and cultural functions for the development of society and, in particular, rural areas and the contribution forests

and forestry can make to existing Community policies.

National Strategic Plan is compliant with the EU forestry strategy and contributes to its objectives by such measure as: support for training, improved value-added for forests, cooperation for the development of new products (Axis 1).

The biodiversity promotion, conservation and development, especially of forests, will be pursued in Axis 2, according to the Nature 2000 Program. Also the afforestation of agricultural and non-agricultural lands is a method of land use compatible with the need to preserve the natural environment and landscape and protect and improve natural resources.

### ***Innovation***

The National Strategic Plan contributes to the implementation of innovations in rural areas, by promoting new products, processes and practices, for environmental protection, likely to improve the performance of farmers and small entrepreneurs.

### ***Information and Communication Technology for agriculture and rural development***

Information and communication are two very important components of the National Strategy Plan, for the access and dissemination of information in rural areas, according to the activities in Axis 3, thus contributing to the achievement of the objectives included in the EU information strategy.

Through Axis 1 is foreseen the development of the informational and training system of the farmers and forest owners, of the agriculture and forest products processors in order to improve professional knowledge and management, and through Axe 3 is foreseen professional training (e.g. developing businesses skills, training in tourism sector) for rural population involved in diversification of rural economy activities that will lead to increase of the proportion of rural active population, and implicit, to obtaining additional incomes, with an positive impact regarding the improvement of the quality of life.

### ***Bio-energy***

As far as bio-energy is concerned, the National Strategic Plan takes into account the promotion of investment in the biogas and biomass production, as well as investment in the production of wood energy, thus using the agriculture and forest potential, mitigating pollution and combating climate changes, implicitly.

For Romania, production of renewable energy is also an important domain. This is supported, in a complementary way, both through EAFRD and EFRD. Therefore, through Axis 1 from NRDP, financed by EAFRD, will support investments for producing renewable energy realized by small and medium enterprises from rural areas, involved also in the primary processing of agricultural and forestry products, and through Axis 3 of NRDP there will be support for micro-enterprises from rural areas which are involved in producing renewable energy. On the other hand, through priority Axis 4 "Increase of energetic efficiency and sustainable development of the energetic system" from Competitiveness Operational Sectorial Program (POS Competitiveness) financed through EFRD, there will be support for large enterprises and small and medium enterprises which are involved in activities of producing renewable energy other than the one involved in primary processing.

### ***Organic farming***

In compliance with the European Action Plan for Ecological Agriculture, the National Strategic Plan takes into account the development of organic farming. Organic farming is an important instrument in nature conservation and revival of rural areas. These aspects have a great importance for Romania, where it was identified the need to maintain the natural value of farmland and the need of an equilibrated rural development. Organic farming could lead to environmental, economic and social benefits for these areas.

<sup>1</sup>The name of the National Authority for the Coordination of Structural Instruments (ANCIS) is used for operational objectives

<sup>2</sup> According to the MA for NPRD and MA for ICE the whole agri-food processing industry will be implemented by NPRD in the context of (micro-enterprises, SME's and intermediate companies)

<sup>3</sup> According to the agreement enclosed between the MA for SOP HRD and MA for NPRD, the training for persons involved in non-agricultural sectors and subsistence farmers in order to shift their activities in non-agricultural one's will be supported by SOP HRD

## Chapter 6

### National network of rural areas

#### 6.1 Objectives and the expected outcome

Romania will establish, in accordance with Article 68 of the Regulation (EC) No 1698/2005, the National Rural Network which shall provide for fulfilling of tasks required at the level of the Country. The objective of the National Rural Network is to analyse and disseminate information on measures of the Communities, to collect and fix proven procedures, to inform on the development in rural regions, to organise for meetings and workshops of stakeholders in rural development and information processing for the needs of the European Rural Network. Romanian Network for Rural Development will be part of European Network for Rural Development and will support dissemination of information and experience on the Community level. In the framework of the programme LEADER, the National Rural Network will provide technical assistance for the trans-national and national cooperation and experience exchange.

The existence in Romania of very dynamic non-governmental organisations knowing the objective and the implementation of European policies will be an advantage in order to set up the Romanian Rural Development Network.

#### 6.2 Partners

Through the Rural Network may be accomplished both activities regarding the general objectives of rural development policy as well as specific activities. In accordance with these activities, the partners of the Rural Network may be: farmers, representatives of the central and local authorities, different categories of rural actors (organisations representing the categories of beneficiaries of the programme or third parties concerned by the objectives of measures), NGOs, LAG's and others.

#### 6.3 Funding and implementation

A Coordination Committee will be set up. The Ministry for Agriculture Forestry and Rural Development (MAFRD) will ensure the presidency of this Committee. The representatives of the central and local authorities involved in rural development, main categories of rural actors (organisations representing the categories of beneficiaries of the programme or third parties concerned by the objectives of measures), NGOs, LAG's and others will be involved in the management of the network as members of a Coordination Committee.

Romania shall authorise a permanent entity to administrate the network and to provide for tasks of the National Rural Network set out in Regulation (EC) No. 1698/2005 of the Council. This entity (external body) shall be appointed on the basis of national tender on the criteria set in the Terms of Reference.

There shall be a specific website developed as a mean for the dissemination of information on the development in the area of the measure implementation. The website will be closely interlinked to other website within the responsibility area of the Ministry of Agriculture Forest and Rural Development and of the European Rural Development Network and shall provide the necessary information.

The financial support to the operations of the National Rural Network in the period 2007-2013 shall be, in accordance with Article 66 of the Regulation (EC) No. 1698/2005 of the Council, provided from resources of technical assistance of the Rural Development Programme 2007-2013. The budget of Romanian National Network for Rural Development will represent approximately 2% of the technical assistance budget.

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