

## **COMPARATIVE ANALYSIS OF THE NATIONAL RURAL DEVELOPMENT PROGRAMME 2014-2020 BETWEEN ROMANIA AND POLAND**

**Gabriela Dalila Stoica<sup>1\*</sup>, Maria Cristina Sterie<sup>2</sup>, Andreea Daniela Giucă<sup>3</sup>, Carmen-Elena Dobrotă<sup>4</sup>**

*<sup>1)2)3)4)</sup>The Bucharest University of Economic Studies, Bucharest, Romania*

### **Abstract**

The National Rural Development Programme (NRDP) is a programme of the European Union and the Romanian Government to provide free funds for the economic and social development of rural Romania. The purpose of this study is to highlight the situation of Romania compared to Poland, both Member States of the European Union, in terms of financial allocation of the national rural development program in the period 2014-2020. To achieve this goal, the financial statements on the allocation of NRDP for both states were analyzed, including the number of applications submitted and payments completed for the main sub-measures financed by NRDP. The NRDP has a strong impact on agricultural production in rural areas and, therefore, in addition to financing the development and modernisation of agricultural production and rural infrastructure, the European Fund has contributed to improving the quality of life of rural populations by creating new jobs. For measure 4.1, Poland implemented projects worth €2.23 billion, or 52.6% of the total allocation for the measure, and Romania implemented projects worth €0.677 billion, or 42.3% of the total allocation. In terms of the number of farms in 2016, Romania registered 3.4 million farms and a workforce of 6 million employees on farms, double the number of Poland (1.4 million farms and 3 million employees on farms).

### **Keywords**

European funds, NRDP, Romania, Poland.

### **JEL Classification**

Q13, P25, R15.

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### **Introduction**

The state of the rural environment has been one of the major research topics at European level over the last two decades, both in terms of the significant share of the

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\* Corresponding author, **Gabriela Dalila Stoica** - [dalila.stoica@eam.ase.ro](mailto:dalila.stoica@eam.ase.ro).

rural population in the total population and the socio-economic aspects related to living conditions in rural areas. (Mihalache F., 2013)

Romania, with a territory of 238,391 km<sup>2</sup>, almost equal to that of Great Britain (244,820 km<sup>2</sup>), ranks ninth among the 27 EU Member States, after France, Spain, Sweden, Germany, Finland, Poland, Italy and Great Britain. Of the 23.8 million hectares that make up Romania's territory, its agricultural area is 14.7 million hectares (71.7%), of which 9.4 million hectares is arable land. Romania ranks 7th in Europe in terms of agricultural area (after France, Spain, Germany, Poland, Great Britain and Italy) and 5th in terms of arable land (after France, Spain, Germany and Poland). (Bordean I. et al, 2010)

The National Rural Development Programme is carried out by the representative of the Ministry of Agriculture Rural Development in partnership with institutions, organizations and representatives of social partners working in this field and approved by the European Commission. The measures aim to help the development of agriculture in Romania and cover all areas in rural areas except land and livestock acquisition. (Vladu M., 2018)

Rural areas face major problems with the underdevelopment of non-agricultural activities in the rural economy, the spread of traditional agriculture and the low level of productivity of rural activities, as well as the underdevelopment of most rural communities. The National Rural Development Program (NRDP), part of the Common Agricultural Policy (CAP), has been set up to address these issues and support rural communities. NRDP aims to meet the general objectives of the CAP related to food security, sustainable management of natural resources and balanced territorial development, as well as the specific objectives of rural development. (Vladu M et al, 2014)

The objective of NRDP is to create modern living conditions in rural societies and to identify real opportunities for all those who want to stay in rural areas. Another goal is to preserve diversity in villages as an integrated European socio-cultural heritage. (Cherecheș A. et al, 2015)

For the 2014-2020 budget year, total cohesion policy allocations amount to around €365 billion for the 28 Member States. The breakdown of the amounts by country shows that Poland ranks first with around €82.2 billion, followed by Italy with €33.5 billion, Spain with €29.1 billion and Romania with €24.7 billion. (Gherghina M.B., 2016)

The European Agricultural Fund for Rural Development (EAFRD) is the financial instrument through which, in the European Union, the implementation of sustainable rural development measures is ensured, in complementarity with the market and income support policy applied under the Common Agricultural Policy.

After accession to the European Union, the agricultural sector of EU countries has benefited from support measures for the development of agriculture and the rural environment by facilitating access to European structural funds.

The National Rural Development Programme (NRDP) is the programme that creates the support for accessing non-reimbursable European funds for agriculture and rural development for Romania, through the EAFRD, with technical and financial implementation being carried out by the Agency for Rural Investment Financing. (AFIR)

NRDP finances: creation, marketing and diversification of agricultural products; diversification of the local economy; creation of production conditions; creation of communication tools and enhancement of the environment, landscapes and cultural events (Cherecheş I. A. et al, 2015).

Through the 2014-2020 NDP, 14 rural development measures have been financed in Romania with a financial allocation of approximately 9,472.65 billion euros, of which 8,128 billion EAFRD and 1,344.65 billion national contribution.

For the 2014-2020 operational period, the general objectives were the restructuring of agricultural holdings; conservation of natural resources; diversification of economic activities and improvement of the quality of life in rural areas.

The impact of the RDP on the rural environment, and therefore on farms, has been major, as in addition to funding for the development and modernisation of farms and rural infrastructure, European funds have contributed to improving the quality of life of the rural population by creating new jobs.

### **Research methodology**

The research is based on data provided by the Ministry of Agriculture and Rural Development of Poland and Romania, through which a comparative analysis of the situation of applications submitted for the main sub-measures accessed in Poland (sub-measure 4.1 "Modernisation of farms", sub-measure 4.2 "Processing and marketing of agricultural products" and sub-measure 9) was carried out. "Setting up of producer groups and producer organisations") and Romania (sub-measure 4.1 "Investments in agricultural holdings", sub-measure 4.2 "Support for investments in processing/marketing of agricultural products" and sub-measure 9.1 "Setting up of producer groups").

The paper covers the projects submitted and accessed through the National Rural Development Programme during the 2014-2020 funding period, as well as the amounts allocated for the payments made. In addition, at the end of the work, an analysis was made of the area used and the number of farms in Romania and Poland, highlighting the differences between the two EU member states.

The graphical methods include graphical representations of the different indicators in order to highlight certain upward or downward trends in order to facilitate the understanding of the evolution of the indicator(s) analysed.

The method of quantitative and qualitative data analysis was used, in order to highlight the evolution trend of the specified indicators.

## Results and discussion

The comparative analysis between the two countries was made due to similarities in terms of agricultural area (14.55 million ha in Poland and 13.83 million ha in Romania), but also similarities related to the past of the two countries such as "the communist past and the need for structural changes in agriculture".

**Table no. 1. Situation of the NRDP in Romania**

Sub-measure	Public allocation NDP 2014-2020 (€ million)	Funding applications submitted		Selected funding applications	Finalised contracts/financing decisions			Payments made (€ million)
		Thous.	Value (million euro)	Thous.	Value (million euro)	Thous.	Value (million euro)	
Total	12,697.68	102.6	11,846.15	57.1	5,714.24	39.2	2,378.88	7,438.21

*\*(following the approval of EU Regulation No. 2220/2020 laying down certain transitional provisions on EAFRD support in 2021 and 2022)*

Source: MADR, State of implementation of NRDP 2014-2020 on 30.12.2021

Achieving a balanced rural development policy is not an area of choice but a necessity, taking into account the fact that the development of agriculture and the rural environment in Romania is a problem with a strong national connotation, making it a major and topical issue. In Romania. Thus, starting from the diagnosis of the rural society and economy, a series of measures were launched in the field of NRDP to respond to the urgent needs of rural development.

Therefore, the total public allocation of NRDP in Romania in the period 2014-2020 was 12.69 billion euros. During this period, 102,596 funding applications were submitted, of which only 57,128 applications were selected, which means only 55.6% of the total. Of the total selected applications, only 68.58% (39,179 applications) were funded, with the final value of the projects being 2.3 billion euros.

In the previous financial year, the NRDP 2007-2013 for Romania allocated approximately 9.29 billion euros, of which 8.1 billion euros from the EAFRD, which means that in the period 2017-2020 the budget was higher by 39.59 % compared to the previous period (Table 1.).

In the case of Poland, the initial budget of the Program was € 13.6 billion, including: € 8.7 billion from the EU budget (EAFRD) and € 4.9 billion from the national contribution. The NRDP budget 2014-2020 was increased by over 4.5 billion euros, including 3595.5 million euros from public funds following the introduction of the transitional period (of which 2287.8 million euros represents EAFRD and 13076.9 million euros national co-financing) (Table 2).

Table no. 2. NRDP situation in Poland

Sub-measure	Public allocation NDP 2014-2020 (€ million)	Funding applications submitted		Selected funding applications	Finalised contracts/financing decisions			Payments made (€ million)
		Thous.	Value (million euro)	Thous.	Value (million euro)	Thous.	Value (million euro)	
Total	17,277.04	6,820	14,476.03	6,167	12,228.82	-	-	9,889.93

Source: Ministerstwo Rolnictwa and Rozwoju Wsi, Polska, 2020

The National Rural Development Program has contributed positively and successfully to the overall performance of small farms in Romania. The support of the program, provided by sub-measure 4.1, contributed to the increase of sales and ensured a better access to the market. Beneficiaries of sub-measure 4.1 have started to diversify their distribution methods and obtain new products to meet the needs of consumers.

**Table no. 3. Number of applications submitted and payments completed for the main sub-measures financed by NRDP in Romania**

Sub-measure	Applications submitted		Agreements concluded / decisions issued (active)		Payments completed	Fund limit (billion euros)
	number	sum (billion euros)	number	sum (billion euros)	Amount (billion euros)	Total
		Total		Total		
<b>4.1. Investments in agricultural holdings</b>	5,845	3,086	1,886	1,052	0,677	1,601
<b>4.2. Support for investments in the processing / marketing of agricultural products</b>	880	0,720	467	0,431	0,182	0,527
<b>9.1. Establishment of producer groups</b>	90	0,032	38	0,140	0,060	0,218

Source: MADR, State of implementation of NRDP 2014-2020 on 30.12.2021

In the case of sub-measure 4.1, the number of applications submitted was 5.8 thousand, of which only 32% were concluded agreements (1886 agreements) and the finalized payments amounted to 0.677 billion euros.

In the case of sub-measure 4.2, the number of applications submitted for this support was 880 applications, of which only 467 were projects implemented. For this sub-measure, the completed payments amounted to EUR 0.182 billion and the total support allocated to this sub-measure was EUR 0.527 billion.

For sub-measure 9.1 targeting producer groups, 90 applications were submitted, of which only 38 were implemented projects. Payments completed for this sub-measure amounted to € 0.60 billion, and the total allocated budget for this sub-measure was € 0.218 billion (Table 3).

The support provided by NRDP has contributed to increasing the participation of small farms in local agri-food chains, but with remarkable differences between sectors and measures. For sub-measure 9.1, NRDP support has been more effective in helping to integrate small farms into the supply chain in terms of productive capacity in the pig and beekeeping sector.

**Table no. 4. Number of applications submitted and payments completed for the main sub-measures financed by NRDP in Poland**

Sub-measure	Applications submitted		Agreements concluded / decisions issued (active)		Payments completed	Fund limit (billion euros)
	number	sum (billion euros)	number	sum (billion euros)	Amount (billion euros)	Total
		Total		Total	Total	
<b>4.1. Farm modernization</b>	87,573	3,91	39,865	1,67	1,23	2,34
<b>4.2. Processing and marketing of agricultural products</b>	5,213	2,36	1,401	0,69	0,32	0,94
<b>9. Creation of producer groups and producer organizations</b>	564	-	495	0,94	0,14	0,26

Source: Ministerstwo Rolnictwa and Rozwoju Wsi, Polska 2020

In Poland, 87.1 thousand applications were submitted for measure 4.1, of which 39.8 were agreements worth € 1.67 billion. This measure ended with a total payment of 1.23 billion euros, the total support allocated was 2.34 billion euros.

As part of the modernization of farms, farmers may apply for aid for operations related to the development of piglet production (zone a), cow's milk (zone b), beef cattle (zone c), for technology rationalization operations, production (zone d) and on-farm irrigation

operations (area e). Zone d, in which 66.5 were deposited, was the most popular among farmers.

For measure 4.2, the number of applications submitted was lower than the first measure, ie 5.2 thousand applications, of which 1.4 thousand applications were approved with a budget of 0.69 billion euros, and the finalized payments amounted to EUR 0.32 billion, out of the total funds allocated for this measure amounting to EUR 0.94 billion.

For the producer groups, namely measure 9, the number of applications submitted was 564 and 495 were agreements concluded and final payments were EUR 0.14 billion (Table 4).

**Table no. 5. Area used and number of farms in Romania and Poland (millions)**

Country	2007		2010		2013		2016		2016/2007 (%)	
	Area Used (ha)	Nr. of farms	Area Used (ha)	Nr. of farms	Area Used (ha)	Nr. of farms	Area Used (ha)	Nr. of farms	Area Used (ha)	Nr. of farms
<b>Romania</b>	13.8	3.9	13.3	3.9	13	3.6	12.5	3.4	90.58	87.2
<b>Poland</b>	15.5	2.4	14.4	1.5	14.4	1.43	14.4	1.41	92.90	58.75

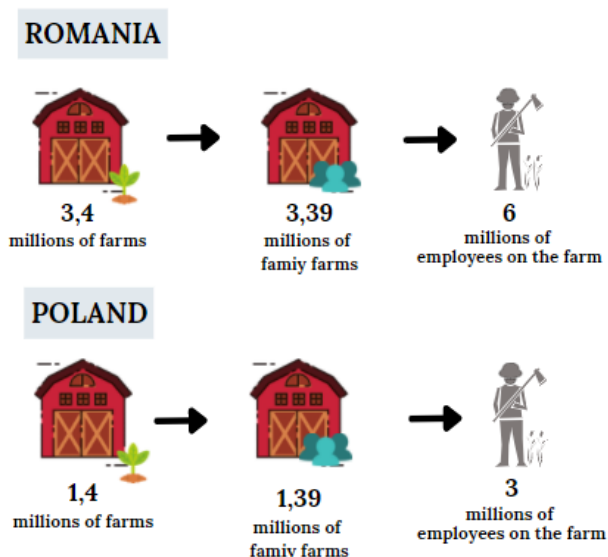
Source: europa.eu

The area used by farms in Romania in 2007 was 13.8 million hectares, while in Poland, the area used was 15.5 million hectares, reaching in 2016 an area of 12.5 million hectares, respectively to 14.4 million hectares, registering a decrease of 12.8%.

Regarding the number of farms, Romania registered in 2016 3.4 million farms, decreasing by 12.8% compared to the number of farms registered in 2007 (3.9 million farms). Also, the number of farms in Poland decreased by 41.25% in 2016 (1.41 million farms) compared to the number of farms registered in 2007 (2.4 million farms). Thus, it is found that the number of farms decreased in both countries after the implementation of NRDP measures 2014-2020 (Table 5).

At the level of 2016, in Romania, 3.4 million farms were registered, of which 3.39 were family farms, and the total labor force on farms was 6 million employees.

In Poland, 1.4 million farms were registered, 1.3 million were family farms, and the total workforce employed on farms was 3 million (Figure 1.).



**Figure no. 1. The situation of farms and labour in Romania and Poland in 2016**

Source: europa.eu

### Conclusions

According to the analyzed data, the funds allocated by NRDP 2014-2020 in Poland were higher compared to the funds allocated in Romania, so the total budget of the program in Poland was 17277.04 million euros, more by 36% compared to the total budget allocated in Romania, 12697.68 million euros.

In terms of funding applications submitted, Romania registered 102.6 thousand funding applications, being selected only 39.2 thousand funding applications, while Poland registered a number of 6.8 million funding applications, of which only 6.1 million applications were selected.

For analysis, 3 measures financed by NRDP were selected, representing the most accessed sub-measures in Romania.

The first measure was 4.1. Modernization of farms, for which 87.5 thousand applications were submitted in Poland, while in Romania, 5.8 thousand applications were submitted for this measure. The agreements concluded in Poland for this measure were 39.9 thousand in number, while in Romania, 1.9 thousand agreements were concluded, the difference between the 2 countries being significant.

For measure 4.1, Poland has implemented projects worth 2.23 billion euros, representing 52.6% of the total funds allocated for this measure, while Romania has



implemented projects worth 0.677 billion euros, representing 42.3 % of total allocated funds.

For sub-measure 4.2, Romania implemented projects worth 0.182 billion euros, or 34.5% of the total funds allocated, while Poland had agreements worth 0.34 billion euros, or 34% of the total funds. allocated.

For measure 9, Poland allocated 0.14 billion euros for implemented projects, representing 53.8% of the total funds, while Romania implemented projects worth 0.060 billion euros representing 27.5% of the total funds allocated for this measure. The remaining funds will be used during the transition period.

NRDP contributes positively and successfully to the overall performance of small farms in Romania. The support of the program provided by sub-measure 4.1 helps to increase sales and ensure better market entry. Beneficiaries of sub-measure 4.1 have begun to diversify their distribution and purchase new products to meet consumer demand.

The support granted by the NRDP to the countries of the European Union is allocated according to the year of accession, but an important aspect is the share of agricultural holdings and the share of the rural population.

The main limitation of this research is the fact that no financial allocation data were available for the analyzed sub-measures, namely: sub-measure 4.1. "Modernization of farms", sub-measure 4.2. "Processing and marketing of agricultural products" and sub-measure 9. "Establishment of producer groups and producer organizations" for each development region in Poland, in order to be able to carry out a more detailed analysis. With this in mind, future studies could focus on analyzing the indicators included in this research by development regions.

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