ORIGINAL PAPER

European Agricultural Fund for Rural Development - Comparisons Between Member States on Budget Allocation and Absorption

Ramona Pîrvu[1], Sorin Dinulescu[2], Lili Țenea[3]

Abstract:
EU policies aim to overcome these barriers which affect rural areas and which must in most cases lead to a change in the status of disadvantaged regions. Therefore, the cohesion of the EU area, of all regions / areas is included in Community policies, environmental policy and climate change, as it is known that rural areas are extremely vulnerable to a number of negative and less controllable factors, namely: climate, birth rate, level of education, state of health, poor general infrastructure (supply of electricity and heat, sewerage, transport infrastructure, etc.). To this end, the European Agricultural Fund for Rural Development (EAFRD) is intended to support the EU's strategy by funding specific programs in the Member States. For efficiency, any investment program is developed by the European Commission in partnership with each Member State, pursuing the specific objectives of the rural development policy adopted by the Council. It should be noted that each program includes a set of strategic priorities related to those set at national level. The article analyzes the European Agricultural Fund for Rural Development and makes comparisons between Member States on budget allocation and absorption.

Keywords: *rural areas; EAFRD; rural development; RDP; absorption.*

[1] Assoc. Prof., University of Craiova, Faculty of Economics, Department of Economics, Accounting and International Affairs, Craiova, Romania, Phone: 0722912316, Email: ramona.pirvu@edu.ucv.ro. https://orcid.org/0000-0002-6973-6521
[2] Post-Doctoral Student, University of Craiova, Faculty of Economics, Department of Economics, Accounting and International Affairs, Craiova, Romania, Phone: 0788249522, Email: sorin.dinulescu@yahoo.ro.
[3] PhD, University of Craiova, Faculty of Economics, Department of Economics, Accounting and International Affairs, Craiova, Romania, Phone: 0737285133, Email: office.tenea@gmail.com.

Introduction

Current practices for rural development in the European Union are centered on a set of policies and implementation tools that help rural areas meet the wide range of challenges and opportunities they face in terms of economic development, the environment and social. Rural development has become the second pillar of the CAP since 2000, being introduced as part of the reform of Agenda 2000, which brought together various pre-existing structural and territorial measures under a common umbrella (Cagliero, 2021). Support for rural development in the period 2000-2006 focused on:

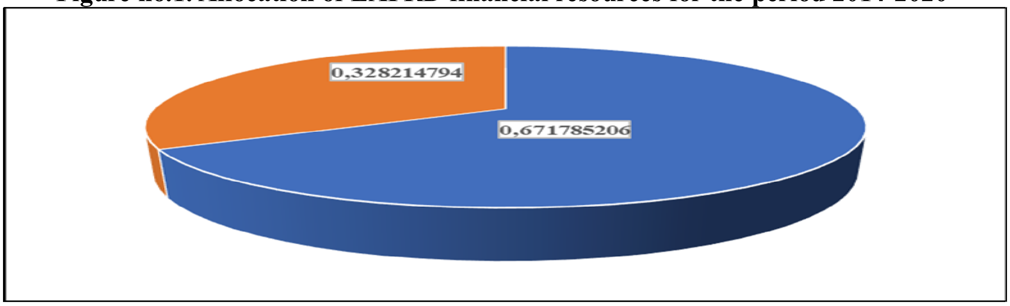
- the multifunctionality of agriculture, recognizing its varied role, beyond the production of food and the range of services offered by farmers;
- a multisectoral and integrated approach to the rural economy in order to diversify activities, create new sources of employment and protect the rural heritage;
- flexible aid based on subsidiarity and promoting decentralization, consultation at regional, local and partnership level;
- Transparency in the development and management of programs, based on simplified and more accessible legislation.

Review of European Agricultural Fund for Rural Development Allocation and Absorption in the EU

"The European Agricultural Fund for Rural Development (EAFRD) is intended to support the EU's strategy by funding specific programs in the Member States. For efficiency, any investment program is developed by the European Commission in partnership with each Member State, pursuing the specific objectives of the rural development policy adopted by the Council. It should be noted that each program includes a set of strategic priorities related to those set at national level (Pîrvu, 2011)".

It should be noted that for the years 2014-2020, the EAFRD has been included in the broader framework of investment policies at European level in accordance with common provisions (1303/2013) established at Community level. In the 2014-2020 financial framework, a total allocation of EUR 173.57 billion is foreseen for the EAFRD, of which EUR 116.60 billion (67.18%) comes from the EU budget and EUR 56.97 billion (32.82%) come from co-financing provided through the national budgets of the Member States (Figure 1).

Figure no.1. Allocation of EAFRD financial resources for the period 2014-2020



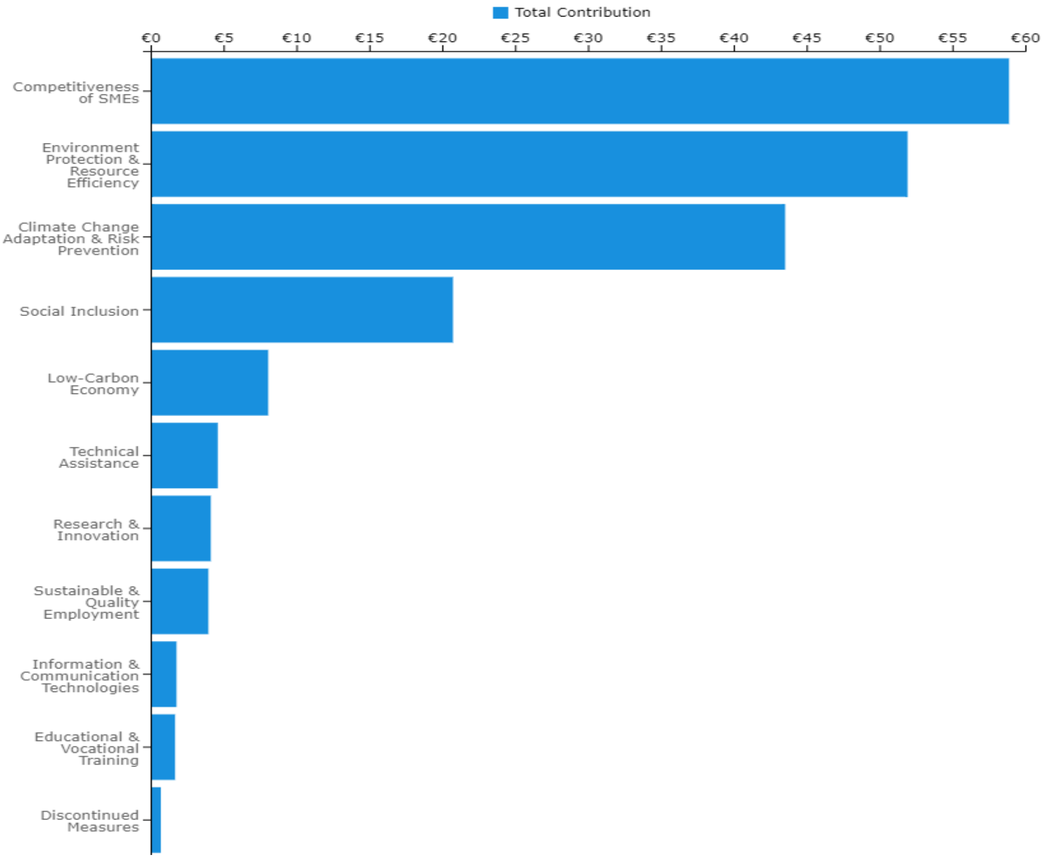
Source: European Commission, August 2021, edited by the authors

In the current programming period, the three main objectives pursued through the EAFRD relate to:

- increasing competitiveness in agriculture;
- managing at a high level of sustainability the natural resources, including the climatic ones;
- supporting a balanced development of the economy in rural areas, of the local communities in these regions, by creating and / or maintaining existing jobs.

The achievement of the three proposed objectives is achieved through several specific objectives, with their own financial allocation (Figure no. 2).

Figure no. 2. Financial allocation under EAFRD, by specific objectives, 2014-2020 (billion EUR)

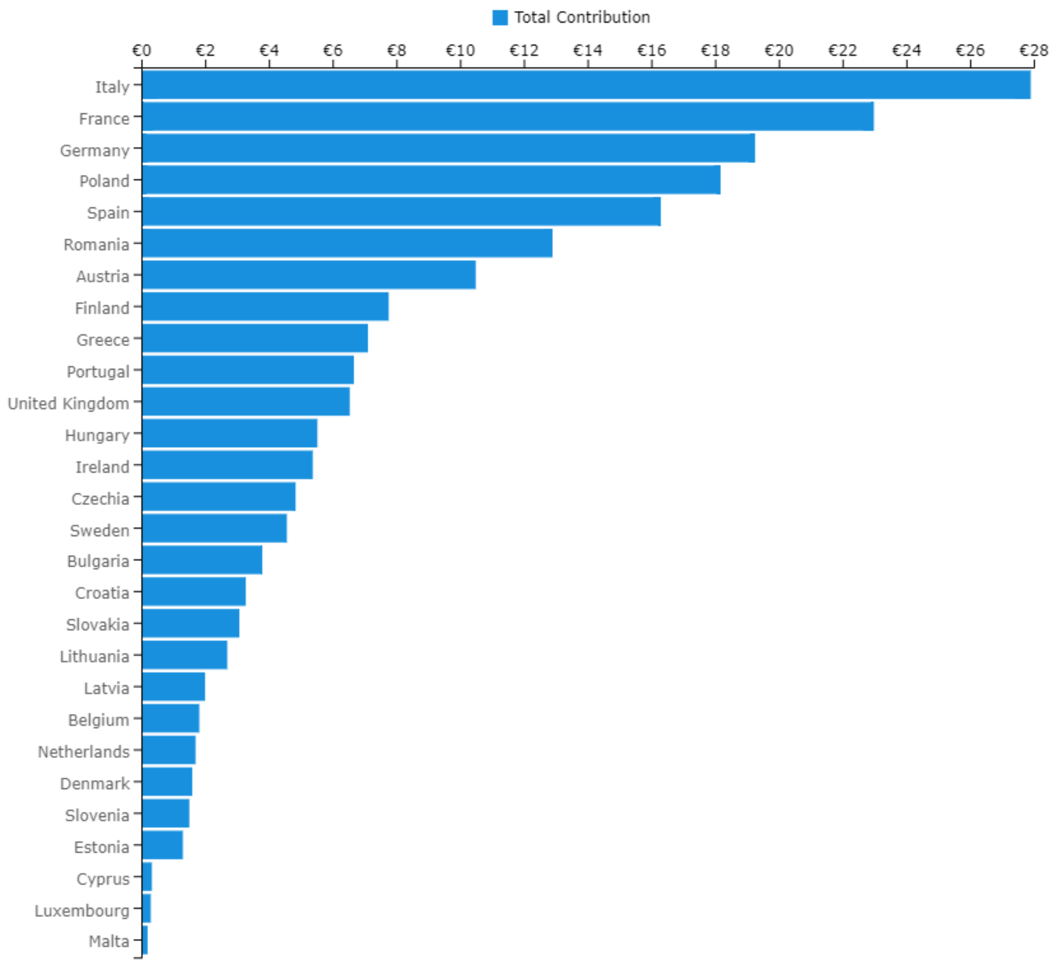


Source: European Commission, August 2021, edited by the authors

For the next programming period, the EAFRD budget for 2021-2027 amounts to EUR 95.5 billion, including EUR 8.1 billion from NextGenerationEU, the financial recovery instrument promoted by the European Union to help recover economic damage. and social causes of the COVID-19 pandemic.

Regarding the total financial allocations through EAFRD, the largest amounts are allocated to France (EUR 22.894 billion), followed by Italy (EUR 20.912 billion) and Germany (EUR 16.656 billion). Romania ranks 6th among EU countries in the allocation of financial resources under the EAFRD, with € 12.903 billion allocated (Figure 3).

Figure no. 3. Total EAFRD financial allocation, by EU countries, 2014-2020 (billion EUR)

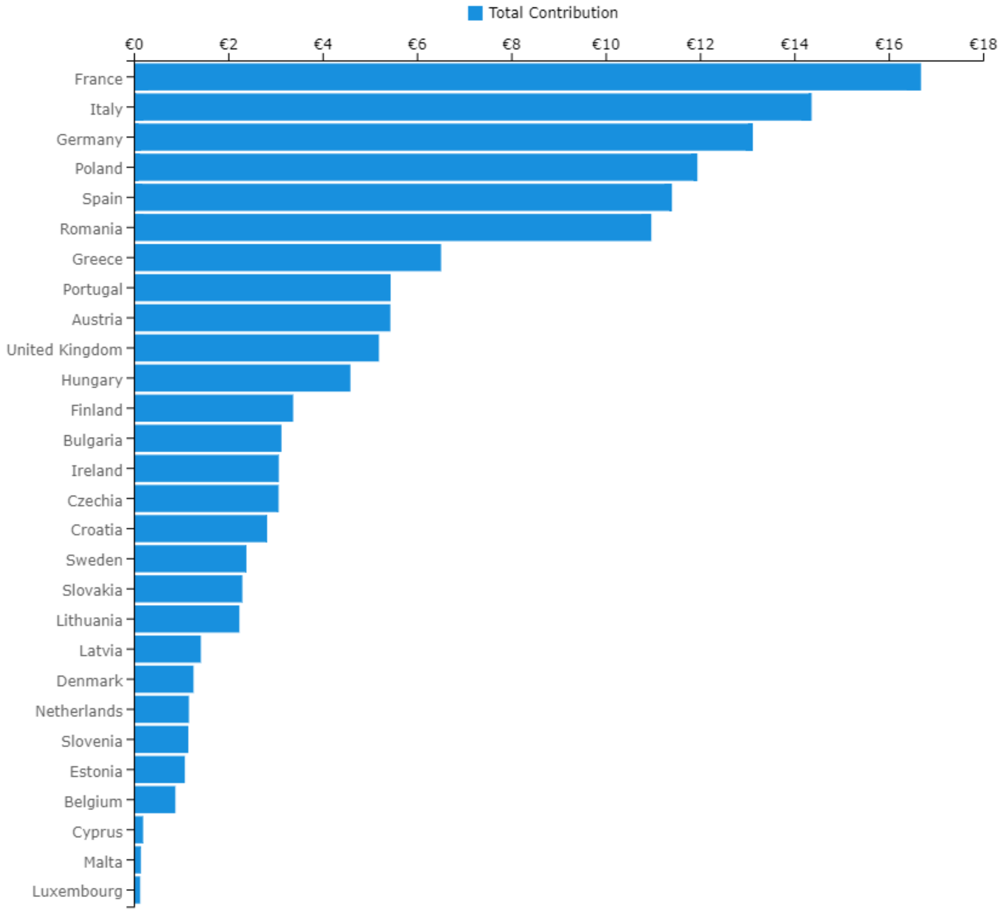


Source: European Commission, August 2021, edited by the authors

On the other hand, if we take into account the EAFRD financial allocations coming exclusively from the European Union budget, we will notice that Romania ranks third (with an EU allocation of 10.968 billion euros), being surpassed only by France (with an EU allocation of € 16.606 billion) and Germany (with an EU allocation of € 11.252 billion) (Figure 4).

Particular emphasis is placed at the level of the European Union, but also at the level of each Member State, on the pursuit of attracting funds allocated for development, as well as their use in an efficient and effective way, according to the priorities indicated by each government in the program documents.

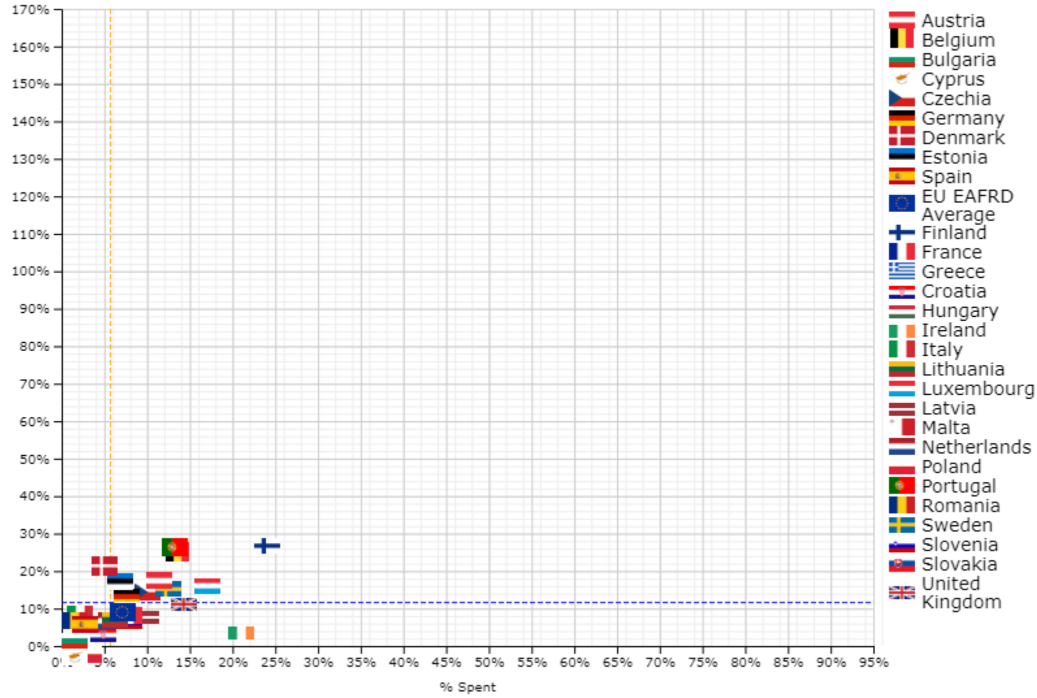
Figure no. 4. EAFRD financial allocation from EU budget, by EU countries, 2014-2020 (billion euros)



Source: European Commission, August 2021, edited by the authors

Thus, in 2015, just one year after the start of the 2014-2020 multiannual financial framework, Finland is proving to be the most effective Member State in attracting European funds for rural development through the EAFRD, being able to invest 23% of the planned amount, respectively 1.279 billion euros out of the planned total of 5.673 billion euros. Finland is followed by Ireland, with 20% of the allocated amounts spent, and Luxembourg, which managed to invest 15% of the allocated EAFRD amounts. At EU level, the average allocation of EAFRD funds was 12%, and the average expenditure was 6% of the total planned amounts (Figure 5).

Figure no. 5. Degree of implementation of the EAFRD budget in EU countries in 2015 (percentages)

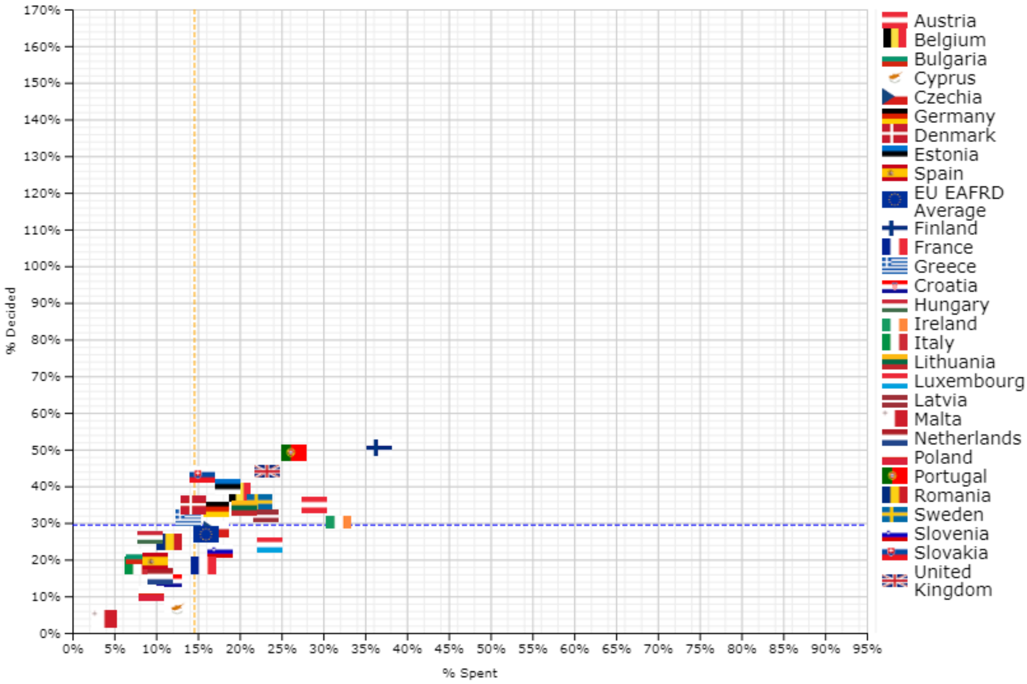


Source: European Commission, August 2021

In 2016, European countries accelerated the mechanisms for attracting and implementing EAFRD-funded projects to a greater extent. Finland continues to be the leader in the efficiency of spending allocated funds, being able to finance projects worth € 1.996 billion, which represents 35% of the planned budget, at an allocation of 53% (respectively € 3.034 billion) of total budget. Finland has, as in the previous year, placed EUR 1.189 billion from the planned budget (30%), at an allocation of 34% of the total budget. The third place is occupied by Austria, which managed to spend 27% of the planned budget (2.107 billion euros) in just 2 years, with an allocation of 38% of the total planned funds.

In the same year, Romania proved to be a more modest start to the period, being able to attract and spend 864.9 million euros (representing 10% of the planned budget), with an allocation percentage of 28% of the total planned EAFRD budget. . The EU average in terms of the total planned budget expenditure in 2016 was 14% (€ 21.624 billion), with an allocation rate of 30% (€ 44.528 billion) (Figure 4.6).

Figure no. 6. Degree of implementation of the EAFRD budget in EU countries in 2016 (percentages)



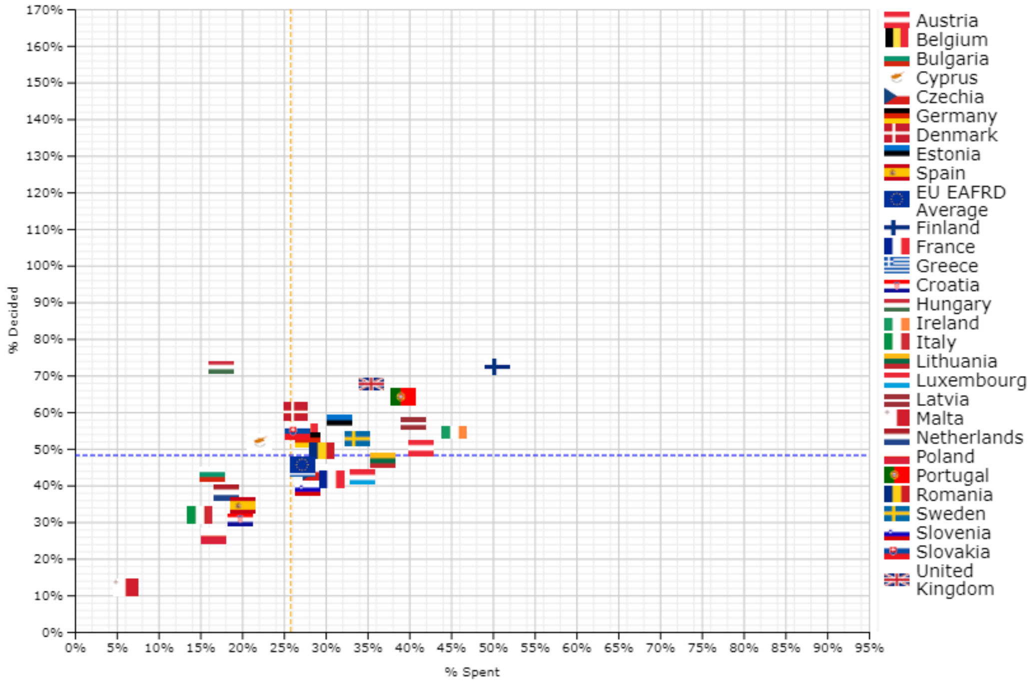
Source: European Commission, August 2021

In 2017, EU countries increased the rate of attracting and spending European funds allocated through the EAFRD. Finland is still proving to be a successful way to spend the planned funds, reaching a spending rate of 49% (corresponding to a total amount spent on rural development projects of € 2.785 billion) and an allocation rate of 75% of total planned budget (4.277 billion euros). As in previous years, Finland is closely followed by Ireland, which manages to spend 44% of the planned budget (€ 1.721 billion respectively) on a total allocation of € 2.278 billion (representing 58% of the planned budget). In third place, in terms of proven performance, is Austria, which managed to spend in the first 2 years of the multiannual financial framework 2014-2020 40% of the planned budget (respectively 3.073 billion euros) and to reach an allocation of 53% of budget (corresponding to EUR 4,090 billion).

In this context, it is worth mentioning Hungary, which has greatly accelerated the process of allocating the planned EAFRD funds, managing to allocate 76% of the total budget to 3.165 billion euros, while having a relatively low level of expenditure, respectively 16% (corresponding to 666 million euros spent).

Romania, in 2017, significantly increased the amounts spent, reaching 2.646 billion euros (representing 28% of the total planned budget), and managing to allocate total funds of 4.933 billion euros (representing 52% of the total planned), standing thus above the EU average of 26% for funds spent (€ 38.627 billion) and 49% for allocated funds (€ 73.016 billion) (Figure 7).

Figure no. 7. Degree of implementation of the EAFRD budget in EU countries in 2017 (percentages)

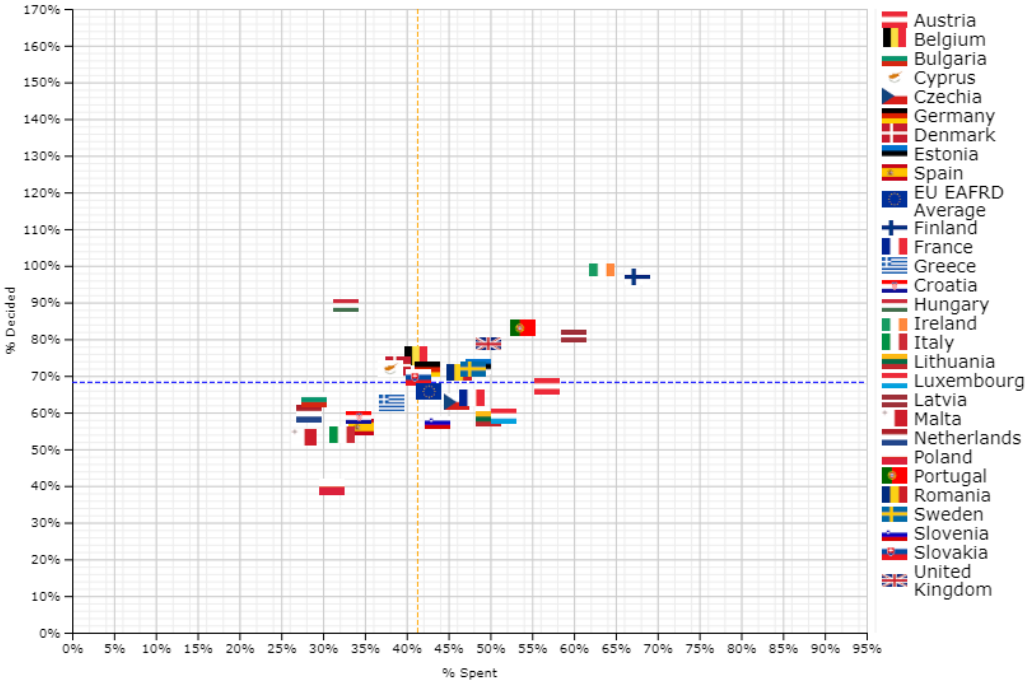


Source: European Commission, August 2021

In 2018, Finland and Ireland remained in the top two. As for Finland, it managed to spend 64% of the planned EAFRD budget (€ 3.625 billion respectively) and reached an allocation rate of 97% (€ 5.488 billion). Ireland has come very close to Finland's performance, managed to spend € 2.344 billion on rural development projects (representing 60% of the planned budget) and has allocated € 3.687 billion (representing 94% of the total planned budget). The third place in the performance hierarchy was occupied in 2018 by Latvia, which invested 862 million euros in rural development in the first 4 years of programming (representing 56% of the total planned budget) and allocated 82% of the total budget (equivalent to EUR 1.253 billion).

Romania has maintained a level of performance slightly above the European average, managing to make expenditures amounting to 4.025 billion euros (representing 43% of the total planned budget), but also to allocate a total of 6.764 billion euros, which is a degree allocation of 72% of the total budget planned for the entire period of the 2014-2020 multi-annual framework (Figure 4.8). In the same year, 2018, at EU level, the average expenditure incurred by Member States was 39% of the total planned budget (respectively EUR 59.110 billion), and the amounts allocated for rural development projects amounted to EUR 99.737 billion (representing 66 % of total planned budget).

Figure no. 8. Degree of implementation of the EAFRD budget in EU countries in 2018 (percentages)

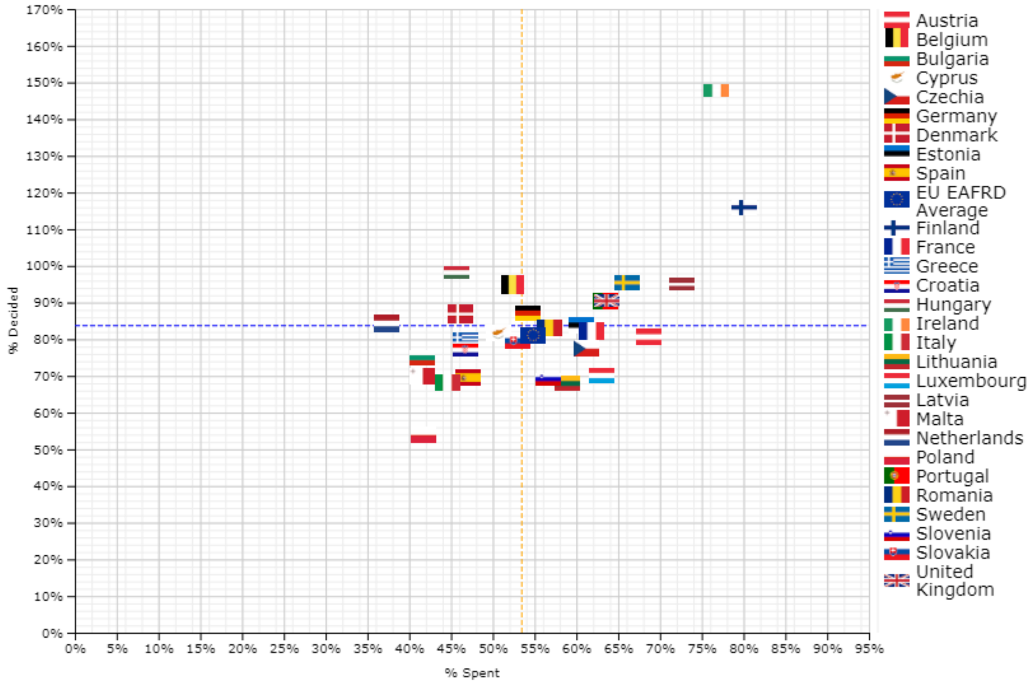


Source: European Commission, August 2021

In 2019, the first allocations that exceed the planned budgets are starting to be observed. Thus, Finland remains in first place in terms of performance in terms of spending European funds for rural development, with 79% of the total planned budget (representing € 4.46 trillion), at an allocation of 119% compared to planned budget (respectively EUR 6.750 billion). Ireland is only one percentage point behind Finland in terms of EAFRD expenditure, managing to invest € 2.951 billion (representing 72%), at an allocation of 151% (representing the equivalent of € 5.932 billion). The two countries are followed by Latvia, which has invested 1.088 billion euros in rural development projects (representing 71% of the total planned budget), but has also allocated 1.507 billion euros (representing 98% of the total planned budget).

At EU level, in 2019, total expenditure of EUR 80.362 billion (representing 53% of the total planned budget) was recorded, as well as an allocation of EAFRD funds of 84% (equivalent to EUR 126.655 billion). For the third year in a row, Romania maintained a higher level of performance than the European average, recording total rural development expenditures of 5.213 billion euros (equivalent to 55% of the total planned budget), but also managed allocations for EAFRD projects in amounting to EUR 8.129 billion (representing 86% of the planned budget) (Figure 9).

Figure no. 9. Degree of implementation of the EAFRD budget in EU countries in 2019 (percentages)

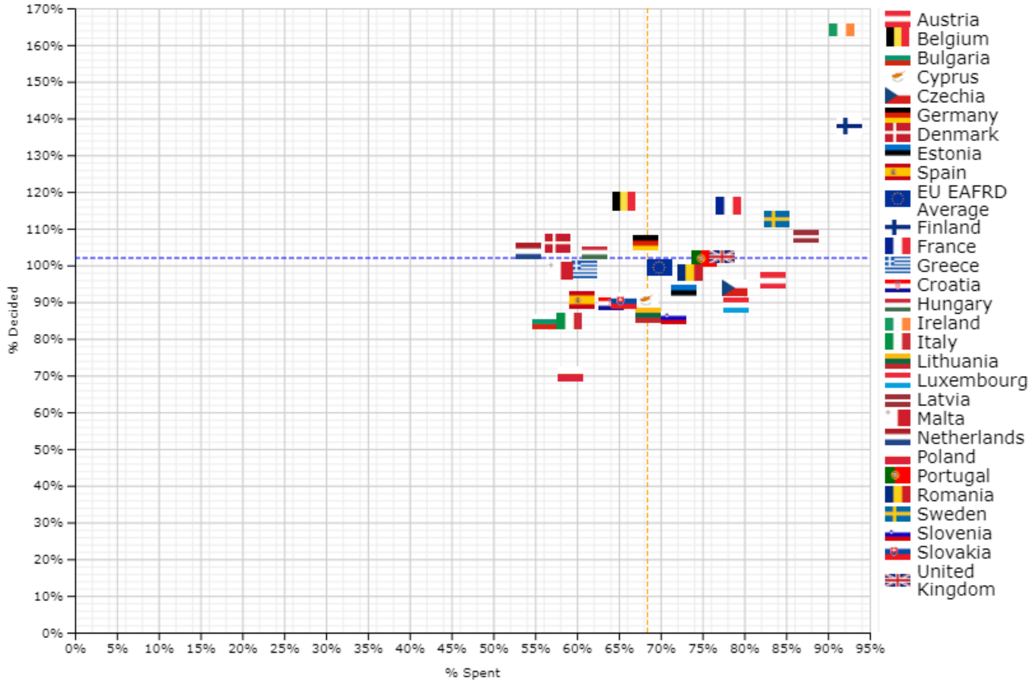


Source: European Commission, August 2021

At 2020, the 3 Member States, comfortably in the lead in terms of the performance of spending European funds for sustainable development, have maintained the same positions in previous years. Thus, Finland managed to spend 91% of the planned budget (respectively 5.162 billion euros), but also to allocate for development projects 7.998 billion euros (which represents 141% of the initially planned budget). Ireland has maintained its share of European funds spent at a lower rate than Finland (90% of the total planned budget, amounting to € 3.534 billion), at an allocation of 168% (equivalent to € 6.576 billion). The performance podium is completed by Latvia, which has totaled € 1.315 billion in rural development expenditure (86% of the planned budget), with € 1.703 billion in project allocations (equivalent to 111% of the total planned budget).

The EU average for the EAFRD budget was 68% of the planned budget in 2020 (corresponding to a total of € 102,848 billion), while project allocations amounted to € 154.041 billion (representing € 102). % of planned budget). Romania maintained its highest performance in terms of spending from European funds dedicated to rural development projects amounting to 6.797 billion euros (representing 72% of the planned budget), while the allocation reached 101%, respectively the equivalent at 9.521 billion euros (Figure 10).

Figure no. 10. Degree of implementation of the EAFRD budget in EU countries in 2020 (percentages)



Source: European Commission, August 2021

As can be seen from the previous analysis, Romania was in the first third of the European Union member states in terms of the performance of attracting and spending European funds planned and allocated by EAFRD for the 2014-2020 programming period.

Moreover, it is noted that in terms of EU budget allocations for the EAFRD (without calculating the contribution of national budgets), Romania is in third place after the two economic powers of the European Union (France and Germany), and before other states with claims in terms of economic performance or the tradition of agricultural production.

Conclusions

In most EU countries we generally identify a rich natural and cultural heritage, traditions and important renewable resources that can be the foundation for the creation of strategies and programs for the next period and that through a real funding potential, can be the basis of evolution. rural areas and communities.

All these aspects, once integrated, can generate, over time, a real sustainable development of rural areas, based in most cases on the need to transform today's rural communities into real smart villages, in close connection with the creation and promotion of feasible rural partnerships. urban, but also with the widespread use of European funds.

Another important aspect is the fact that the socio-economic development of rural areas for all EU countries is supported both by the governments of each state and by the Community bodies, which, since the early 1960s, have created and developed policies, strategies but also forms of support, based on the financing from the budget of the European community but also from specially created funds, respectively: agricultural fund, social fund, regional fund, etc.

"The development policy of the rural areas in each country was also justified by the fact that, in most cases, we identify numerous rural localities and that, also here, other types of non-agricultural activities are carried out - industry, public services, education and health institutions, etc. (Avram, 2007)."

Supporting the development of rural areas in the Member States of the European Union is the result of the creation and implementation of rational models of rural development, which mainly include: models of good practice on transformations in agriculture and the economy of rural areas as a whole; implementation of new innovative and integrated concepts on resource use strategies in rural areas but also to implement rural development policies.

However, there is still a tendency to separate rural development policy from national development strategies, which is a challenge for many European countries, as the village (rural localities) and rural areas cover the same territory, have the same spatial dimension, economic, social and cultural, in which production processes, services, etc. take place. Therefore, the territorial segments village (rural localities) - rural area are difficult to individualize, there are still difficulties among specialists in defining rural areas, rural localities, in the administrative division of local systems, as well as in the implementation of financial support policy both national as well as EU funds.

These issues further raise the need to identify criteria for the delimitation of the rural territory in order to define the strategies for carrying out activities in rural localities and rural areas. This is because the concept of rural area covers a wider territory compared to the concept of rural settlement.

Acknowledgement:

This work was supported by the grant POCU380/6/13/123990, co-financed by the European Social Fund within the Sectorial Operational Program Human Capital 2014 – 2020.

Authors' Contributions:

The authors contributed equally to this work.

References:

Avram, C., Pîrvu, G., Radu, R. C., & Gruescu, R. C., 2007. *Romania and the demands of European integration*. Alma.

Cagliero, R., Licciardo, F., & Legnini, M., 2021. The Evaluation Framework in the New CAP 2023–2027: A Reflection in the Light of Lessons Learned from Rural Development. Sustainability, 13(10), 5528. Disponibil on-line: https://www.mdpi.com/2071-1050/13/10/5528

Dinu, M., Pătărlăgeanu, S., R., Chiripuci, B., Constantin, M., 2020. Accessing the European funds for agriculture and rural development in Romania for the 2014-2020 period. *Proceedings of the International Conference on Business Excellence*,14(1), 717-727. Available on-line: https://ideas.repec.org/a/vrs/poicbe/v14y2020i1p717-727n68.html

Pîrvu, G., Lolescu, E., Pîrvu, R.C., Tănasie, A., 2011. European, Universitaria Publishing House.

Pîrvu R, Drăgan C, Axinte G, Dinulescu S, Lupăncescu M, Găină A., 2019. The Impact of the Implementation of Cohesion Policy on the Sustainable Development of EU Countries. *Sustainability*. 11(15):4173. https://doi.org/10.3390/su11154173

European Commission, 2020. Commission Staff Working Document. *Analysis of Links Between CAP Reform and Green Deal*. SWD/2020/0093. Brussels, Belgium., 2020. Available on-line: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/sustainability_and_natural_resources/documents/analysis-of-links-between-cap-and-green-deal_en.pdf.2

Eurostat. 2021. Disponibil online: https://ec.europa.eu/eurostat/en/
https://cohesiondata.ec.europa.eu/overview#

Article Info

Received: February 13 2022
Accepted: February 24 2022

How to cite this article:
Pîrvu, R., Dinulescu, S., Țenea, L. (2022). European Agricultural Fund for Rural Development - Comparisons Between Member States on Budget Allocation and Absorption. *Revista de Științe Politice. Revue des Sciences Politiques*, no. 73/ 2022, 122-134.