
Rural development strategies

Silvia Mazăre Phd Student
University of European Political and Economic Studies
"Constantin Stere" Chişinău, Republic of Moldova
Email: sylviamazare@gmail.com

Abstract: *Successive reforms of the Common Agricultural Policy (CAP), enlargements of the European Union (EU) and budgetary pressures increase the need for empirical studies to assess the role of European funding in shaping the performance of rural development. Theoretical discussions on the effects of support can in many cases be reduced to discussions on the effects generated by different levels and ceilings of support and the socio-economic efficiency of the costs of European programs to support investments in rural development, if it emerges from differences in the behavior of the beneficiaries of financial supports, which are affected both before the support and after receiving it, the level of competitiveness of the UAT and the region, finally, the support is intended to cover the costs related to different types of investments.*

Key Words: *agriculture, rural, strategies, reforms, funding*

JEL Classification: *O13.*

Introduction

The vision and strategic orientations of the European Union are a natural consequence of the historical context in which the old core of states of the European Union evolved and are fundamentally related to their realities; the set of fundamental problems, which form the focus of the Common Agricultural Policy, essentially relate to the specificity of the economies of the states that founded the institutional mechanisms of the common European market. Within the framework of the PAC and related strategies, when the strategic orientation towards competitiveness is defined, the main objective is not established in the market integration of agricultural holdings, but in strengthening the position that the holdings already integrated in the market can acquire on the world market. The strategy is defined taking as a reference system a certain degree of economic development, which does not characterize all member states, but only member countries with a consolidated market economy.

Research methodology

The usefulness of this type of essay is to provide the reader with a wide range of informations about rural development strategies used in romanian development since entering the European Union.

Results

Rural development has been an objective of the EU since the creation of the EEC, however, it was only in 1975 that rural development was specifically addressed [1, p.26] . In the development of the theme of rural policy instruments and the management of rural development in the specialized literature, the topic of the typology of rural development interventions is addressed, elaborated on the basis of the concept of rural capital, through which rural development is seen as the management of development, in particular, protection, improvement and mobilization assets (goods) and rural potentials [1, p.111] , as well as specific areas of DR policies [2] .

Rural development policies can have several specific areas [3, p.51] :

- *agricultural structures* , which include 3 subfields: 1. the structure of land ownership, which aims at the circulation of land as a commodity and the efficiency of private ownership of land; 2. the structure of agricultural holdings, which represents the form of exploitation of the utility of the land (peasant household, family household, commercial farm, professional agricultural farm) and has the task of producing goods and ensuring the reproduction of the fertility of the land; 3. the structure of agricultural production; thus, external experiences and national specifics are arguments to support the idea that an efficient agrarian structure is based on individual households consolidated and supported in an associative system, supported by the services necessary for the optimal use of the land to acquire a commercial and competitive character;
- *forester*, which represents the second economic branch of the rural space after the economic potential, having the material (economic) function has implications for several sectors of the economy including the construction industry, fibers, energy, agriculture, tourism, and the non-material function, manifested through environmental protection;
- *waters* , aimed at the management of natural water resources, coming from 3 main sources (Danube, internal rivers, underground water) to ensure their utility as a drinking water resource, water for economic and social activities, fishery resource, for leisure;
- *agricultural prices* , the purpose of the field is to correct market distortions and balance the ratio between the price index of agricultural and industrial products necessary for agriculture in favor of agricultural producers, in the sense that the general relationship between the prices of agricultural outputs/inputs and trade relations between agriculture and other sectors of the economy to stimulate growth in rural areas, through the instrument of subsidies;

- *rural financing* , recent experiences have shown that external support from non-refundable funds or advantageous loans of some of the political measures in the rural field is a practice that has brought both financial benefits and for stimulating the development of the capacity of rural actors to attract sources of financing through a participatory attitude and learning project preparation skills in order to absorb available funds [3, p.51] , financing having a crucial role in creating an environment favorable to private investments both from internal sources and for external investors in areas of public interest , when public services are at a much lower level than urban ones and when the phenomenon of underinvestment is significant.

At the EU level, 3 main tools for promoting rural development are promoted [4] : the *LEADER program* , introduced by the EU (MADR-PNDR 2010) , the purpose of which is to support and encourage economic actors in the rural environment for long-term development long through the development and implementation by local decision-makers of development strategies, capitalizing on the specificity and uniqueness of the natural space and tradition; improving the economic environment in order to create new jobs and improving the self-organization skills of rural communities in order to promote social cohesion, creating new GAL-type structures (local action groups, LAGs), which are in fact rural-urban micro-regions with important role in reducing microregional gaps between village and city; *TRDI* (Temporary Rural Development Instrument) for the 10 new EU member countries, supported by the EAGGF, which includes the main policy harmonization measures through a series of measures for environmental protection, early retirement, afforestation and the granting of compensatory payments for disadvantaged areas, and *SAPARD* for Romania and Bulgaria or the Special Pre-Accession Program with the main objectives: support for agriculture and rural development; solving long-term problems, in order to adjust the agricultural sector and the countryside as a whole; the implementation of the *acquis communautaire* in the field of agricultural policies. In Romania, the main criteria for disadvantaged areas is the level of poverty, especially multidimensional poverty and marginalization, determined by: (i) human capital (education, health and the number of family members or children); (ii) employment (relative to the number of unemployed, undeclared work, work in subsistence agriculture); and (iii) housing conditions (housing insecurity, housing quality and connection to public utility networks) [5] .

Community rural development policy consists of 3 categories of measures: **1.** restructuring of the agricultural sector and their financing in relation to the environment and the management of rural space, in particular, the agricultural sector, **2.** for the rural economy and **3.** for local development [6] . The measures can be classified into 2 groups, including accompanying measures for the 1992 reform, which include early retirement, agri-environment and afforestation measures, the less-favoured areas regime, and measures to modernize and diversify agricultural holdings, which include investments in agricultural holdings, the installation to young farmers, training, support for investments in processing and marketing

facilities, for forestry, the promotion and conversion of agriculture, and is materialized in Rural Development Plans at regional (Italy, Spain, Romania) or national (France) level.

Policy making is often done on the basis of political needs, principles and theories that simplify and idealize real processes. The fact that no agricultural policy has succeeded in making the sector "sustainable" in any developed country should be reason enough for a conceptual rethink. The new form of economic and social organization resulting from the interaction of local and global forces gives rise to the rural economy, which can be conceptualized as a socio-spatial system characterized by sectoral differentiation and spatial localization. In this sense, the rural economy appears as a new sector different from agriculture and industry by the extent and model of intersectoral relations, and from the urban sector by its connections with the territory and the physical environment [7, p.2] .

Rural development strategies can be *of growth* , which implies the increase of GDP/place at a higher rate than population growth, considered one of the basic components of the concept of rural development, and the role of the state consists in supporting the development of physical and social infrastructure and a favorable climate for rural entrepreneurship, so that the benefits flow to the poor [8] , which, however, under the conditions of market mechanisms, proved its inconsistency; *of welfare* , which has a paternalistic orientation and likewise did not withstand criticism; *responsible* , when community participation and control of designed activities are performance indicators; or *integrated* , which presents a mix of strategies aimed at building the capacity of the community to create partnerships with the government in solving problems, which involves a complex matrix of decentralized structures, qualifications, institutional coordination, social intervention and managerial systems, as well as systems of directives on food safety covering the entire agricultural and agri-food sector and international standards on food traceability.

Taking into account the objectives of support in favor of rural development [3, p.41] : (i) improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation; (ii) improving the environment and rural space, by supporting land management, ensuring the sustainable management of natural resources and climate actions; (iii) achieving a balanced territorial development of rural economies and communities, including the creation and maintenance of jobs [9] in order to improve the quality of life in the rural environment and promote the diversification of economic activities.

From the perspective of discussions about the concept of capital, which applies to rural development (or rural capital), rural resources can be grouped by types of capital, each having the potential to develop DR policy to achieve a sustainable DR, ensuring natural activities, socio- balanced and sustainable cultural and economic in rural areas, as follows: physical capital (industrial or production); financial capital; human capital; social capital; natural and cultural capital, the forms of capital being the determinants for sustainable development. This approach is in line with the Lisbon Agenda for growth and competitiveness [11] , which depends on adequate amounts of appropriate capitals, as well as their use in dynamic and innovative ways, and in line with the Gothenburg Strategy for Sustainable

Development [12] , which calls for meeting the current needs of society without compromising capacity future generations to meet their needs, thus emphasizing the protection of non-renewable capital and the growth of renewable capital, especially with regard to the natural environment, using the notions of accumulated capital, capital depreciation processes (waste, wear and tear), appreciation (formation of stocks over time), of use or mobilization (reversible or irreversible) in the provision of goods and services, consolidation of capital, especially human, social and cultural in studying the objectives of quality of life, access to resources, etc.

Emerging from the understanding of the objectives of rural development : (i) increasing the availability and distribution of basic goods; (ii) increasing the income and purchasing power of the rural population by providing better education, productive and well-paid jobs, cultural and recreational facilities; (iii) expanding the range of options by freeing individuals from social dependence [3, p.51] , the goal of DR policy interventions can be formulated as increasing sustainable rural development by creating added value , by: (i) protecting reserves or capital resources existing from real or potential threats (decline, degeneration or irreversible losses) to their quantity or quality; (ii) establishing or consolidating capital reserves; (iii) mobilizing resources in a sustainable way; (iv) targeting the forms of capital with the greatest potential in sustainable rural development [10, p.112] .

Literature divides policy instruments into the following groups: 1. regulatory instruments, which affect property rights (bans, creation of new rights of use or access); 2. economic instruments, affecting the relative costs and benefits of individuals who choose to take positive actions (incentives or rewards), for example payments (one-off investments, or regular multi-year payments), loans or loan guarantees , tax reductions or tax offsets , and negative (disincentives), for example taxes or duties; 3. informational or advisory tools - those that enable people to make better decisions based on a more complete understanding of problems or situations. In practice, most policies include a combination of instruments in one or more 'packages' [13] .

The range of available European rural development policy instruments is generally limited to investments or regular payments, loans or loan guarantees and information and advice, while the potential range of rural development policy instruments can include four main categories of tools:

1. funds for the management of regulatory processes by public bodies promoting rural development objectives (eg land reform or land consolidation);
2. regular payments for the delivery of goods or services on an ongoing basis, made to private individuals, groups or public authorities (eg income support, landscape maintenance, biodiversity management, rural transport maintenance, support for village groups or regular events);
3. single investment funds, loans or loan guarantees to stimulate actions or projects, offered to private individuals, groups or public authorities, for example, aid for the modernization of farms, funding for research and development in effective environmental management techniques, support for planning and establishment of rural tourism networks, technical assistance;

4. funding for the provision of information or advice to promote RD objectives, for example advice on the agricultural environment or planning successful new rural businesses, public health information for remote communities or others determined by approaches at different levels of the policy hierarchy that could generate other differentiations in the choice of instruments.

Conclusions

It is considered that the main beneficiary of financial support is society as a whole, if it leads to a desired investment activity, increased productivity, employment, etc., which would not have happened without help. So, if the beneficiary had carried out the investment project even without support, the support would have a high opportunity cost, which means that the resources could have generated a higher societal value by being invested in another field or activity, and, on the contrary, the levels of support greater than necessary lead to deadweight. It would have been optimal if it had been possible to perfectly discriminate the beneficiaries in order to provide exactly the levels of support needed to carry out a particular project, especially since the process of requesting support also involves work, time, money and other resources, having consequently high opportunity costs, because it does not involve production and innovation.

Bibliography

1. European Rural Development Policies in Extremadura, p.26. Available: https://projekter.aau.dk/projekter/files/237802641/Francisco_Malave_Master_Thesis.pdf
2. Saraceno E. Rural development policies and the second pillar of the common agricultural policy. Key components of a rural development policy. [cited 2021-04-14] Available: <https://www.tcd.ie/Economics/staff/amthrews/FoodCourse/CourseMaterials/Readings/saraceno.pdf>
3. Pentecost MA. Rural economic development in Romania. Concepts and evaluations. Ed. Digital Data, Cluj, 2013. p.220. ISBN 9789737768841. Available: http://www.digitaldata.ro/wp-content/uploads/MAR1-Dezvoltarea_economica_a_ruralului_in_Romania_site.pdf
4. Bleahu A. Rural development in the European Union. In: Quality of Life, XVI, no. 3–4, 2005. pp. 289–300. [cited 20.03.2021] Available: https://www.researchgate.net/publication/237527540_DEZVOLTAREA_RURALA_IN_UNIUNEA_EUROPEANA
5. Sandu D., Corad B., Iamandi-Cioinaru C., Man T., Marin M., Moldovan C., Neculau G. The Atlas of Marginalized Rural Areas and Local Human Development in Romania. International Bank for Reconstruction and Development/World Bank, Bucharest, 2016. Available: <https://documents1.worldbank.org/curated/en/237481467118655863/pdf/106653-ROMANIAN-PUBLIC-PI-6-Atlas-Iunie2016.pdf>
6. Regulation (EC) no. 1257/1999 regarding support for rural development through the European Agricultural Guidance and Guarantee Fund (EAGGF). [cited 14.07.2021] Available: <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=LEGISSUM:l60026>

-
7. Basile E., Cecchi C.. Beyond the sectors an analysis of economic differentiation in rural economy, p.2. [cited 2021-02-03] Available: https://web.uniroma1.it/dip_ecodir/sites/default/files/wpapers/wp29.pdf
 8. Singh K. Rural development: principles, policies and management. Thousand Oaks Calif. London: Sage, 2009. ISBN: 9788178299266
 9. Agriculture and rural development. Rural development. Available: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/rural-development_en
 10. Dwyer J., Clark M., Kirwan J., Kambites C., Lewis N., Molnarova A., Thomson K.. Review of Rural Development Instruments: DG Agri project 2006-G4-10. Final Report. University of Gloucestershire, 2008. Munich Personal RePEc Archive paper no.50290, p.180. [cited 01.03.2021] Available: https://mpra.ub.uni-muenchen.de/50290/1/full_report_en.pdf
 11. Lisbon agenda. [cited 19.02.2021] Available: https://www.europarl.europa.eu/meetdocs/2009_2014/documents/empl/dv/lisbonstrategybn_/lisbonstrategybn_en.pdf
 12. Agenda from Gothenburg. [cited 19.02.2021] Available : <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52001DC0264>
 13. PCTE - territorial cooperation programs 2021-2027. Available: <https://www.mdlpa.ro/pages/programare20212027>