

# THE INFLUENCE OF RURAL DEVELOPMENT POLICIES OF THE EUROPEAN UNION. CASE STUDY BOTOSANI COUNTY

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**Abstract:** *The European Union created rural development policies in order to reduce disparities between member states. The policies consist in financial instruments that can be accessed for financing rural communities. The diversity of projects that can be funded denotes the complex problems that rural areas are facing on an European scale. The study has as hypothesis the evaluation of rural development in Botosani county because of Romania's accession to the European Union and its influence. Thus we can observe priority areas for accessing european funds. Qualitative and quantitative data on rural development projects are used to identify rural distribution projects and priority areas. The influence of policies and development strategies reduces intra disparities, ensuring authorities competitiveness needed to develop and implement other projects with the same goal.*

**Keywords:** policies, strategies, rural development, European Union, disparities transport infrastructure

**JEL Classification:** R12, R38, R58

## INTRODUCTION

Rural areas, worldwide, are facing great difficulties in terms of economic growth, providing jobs for rural residents and sustainability in the coming years, considering the high rates of rural - urban migration among young people, which increases the aging of the rural population. Based on these considerations, the sustainable rural development has been called into question, a careful analysis of both rural development and agricultural and forestry sectors indicating the need to accelerate restructuring and modernization of the countryside, given the social and economic importance of them to ensure equitable, integrated and sustainable economic development of rural areas.

Nationally, the rural development implementation process involves achieving an efficient management of local natural resources, determining the influence of socio-economic factors on the rural areas, developing and implementing local sustainable development strategies at rural level, connecting with main European Union priorities (Lisbon, Gothenburg) and their translation into rural development policies, ensuring consistency with other policies, especially in the field of sustainable development and the environment.

Regionally, the objectives set out are those that share as a main goal the continuous improvement of life quality in rural areas through: economic growth and job supply, diversification

of economic activities in rural areas, sustainable use of local natural resources, increased food chain integration, encouraging rural entrepreneurship and supporting them, encouraging successful environmental initiatives, promote regional balance, capacity building of local partnerships, promote the acquisition of skills which can help mobilize local potential, encouraging public-private partnerships in order to achieve innovative initiatives in the rural economy, promoting cooperation and innovation, improve public administration by introducing new technologies, promote bilateral cooperation as a mean of revenue growth in the rural economy, promoting sustainable management of agricultural entrepreneurs, promotion of organic farming as a profitable production method and friendly environmentally farming, diversification of services from rural economy provided to agricultural entrepreneurs, improving basic services (infrastructure, health, education, libraries, cinemas, places of leisure, transport and communication services) valorisation of cultural, architectural and natural heritage to increase attractiveness and quality of life in rural areas.

Rural development is encouraged at a European level by the existence of tools like the finance projects proposed by the communities. The diversity of projects that can be funded denotes the complex problems that rural areas are facing throughout Europe.

Romania's status as a European Union member influenced the creation of national / regional development policies and strategies to reduce intra and inter regional differences. Thus, Botoșani County developed policies and development strategies in line with the European Union framework, and a number of projects were implemented in the rural area. Domains / sectors to which projects have been assigned highlight the precariousness of Botoșani; the most important project was the rehabilitation of the transport infrastructure, followed by the development of urban comfort, by providing sewers, water and gas.

Local authorities have boosted rural development projects because of the opportunities offered by the European Union funding instruments for various areas, especially the rural areas facing socio-economic deficiencies. Botoșani has a negative national image due to the status of its underdeveloped rural territory, the rural areas feeling strongly that status because there is no financial potential for the community to begin efforts to reduce disparities, leading to poor living conditions, technical and urban convenience is limited to the existence of electricity in houses, and only few villages receiving sewerage and drinking water, even more road infrastructure is in the early stages of modernization and rehabilitation, major traffic arteries being advantaged in this. Thus, such problems that rural areas are facing can be addressed by implementing rural

development policies promoted by the European Union, the society feeling the positive effects of integration into the European Union.

## **1. RURAL DEVELOPMENT POLICIES IN THE EUROPEAN UNION vs. DEVELOPMENT POLICIES IMPLEMENTED IN BOTOSANI**

The studies of rural areas in Europe are complex dealing with geographical or ethnographical problems, and outlining and highlighting various aspects, of economic importance. The rural problems are particularly important for the European Union because they concern 91% of its territory.

Agricultural and rural policy, have an important role in creating cohesion and economic, social and territorial competitiveness in the European Union. The basic principles of rural development policy are: multifunctionality of agriculture, multi sectoriality, flexibility and transparency. The priority axes for rural development programs are: reinforcing agriculture-forestry sector, improving competition of rural areas and preserving the environment and rural heritage.

At the European level, the development measures in the rural sector heads to support investments in agricultural holdings. The aim of the investments should be to modernize the equipment and agricultural systems, to improve the income, by improving living a working conditions and production.

The rural development policy at a European level is of great importance for all member states because more than 56% of the population of the EU live in rural areas covering 91% of its territory. What should be noted is that the land use and the management of natural resources in the rural areas in Eastern Europe are frequently made with animal husbandry and forestry, despite the fact that there are countries that use the countryside and by other means. The European rural environment is a great wealth: it provides essential raw materials, is a fighting ground for climate changes, and it provides outstanding recreational landscapes. Agriculture is seen as a factor of stability and attenuation of the financial crisis influence, through increased investment in infrastructure, increased agricultural production (irrigation redesign, rebuild the utilities infrastructure) and also through the technical and technological equipment of the countryside and towns, the development and modernization of farms to produce for the market. Important rural sectors are forestry, fishing and non-agricultural, which all assure rural economy competitiveness.

European reforms for rural development are set out in Agenda 2000. Thus, the reform committed and announced through Agenda 2000, pursues the developments in recent years: market

measures and the requirements of a competitive European agriculture must equally take into account the diverse needs of the rural world, the expectations of today's society and the imperatives environmental protection. The new rural development policy has become "second pillar" of the CAP and answers these concerns. Essential element of European agricultural model, it aims to put into practice a coherent and solvent framework to ensure the future of rural areas, favoring the maintenance and creation of jobs.

Policies of rural development are representative in Romania because its rural surface is of 212 700 square kilometers, more than 89% of the country. According to studies conducted by various institutions for developing rural policies, over 70% of Romania's poor people live in rural areas. The risk of poverty faced by the rural population is three times higher than the risk faced by the urban population. Romanian agricultural sector is facing a structural weakness which makes it significantly different in relation to other member states. The main vulnerabilities of the rural area are: the extinction of plots, insufficient or outdated technological equipment, lack of skilled labor and performance in agricultural research, etc. Also important problems of the Romanian villages are related to technical infrastructure. Thus, more than a half of the rural population has no access to the public water supply system, sewerage and gas facilities, the only form of comfort being electricity.

In 2007-2013 14 billion euros were allocated for agriculture, rural development and fisheries. Romania must fulfill the obligations it has assumed under the Accession Treaty to contribute to the achievement of a uniformly developed Europe. This implies a development of the rural infrastructure, a fundamental restructuring of agriculture and a boost to rural development and strengthening of the administrative capacity of the countryside. Romania still has to act for sustainable rural development. This shows that Romania should pay attention at the priorities of rural development.

Following the analysis of rural areas, compared to European rural areas, Romania has shown low quality infrastructure (33% of rural residents have access to mains water system, 10% to the sewerage system and only 10% of the country roads are of adequate quality). Basic social infrastructure (composed of healthcare and education systems, credit and financial network, etc.) is poor compared with both urban and rural areas of Europe. These factors affect the quality of life in rural areas, hindering economic development, increasing migration from rural to urban areas and worsening health and environmental problems. The rural economy is largely dependent on agriculture and forestry; alternative activities are rare making income levels lower than in urban areas.

Rural development strategy in Romania was created and developed according to the existing problems. Based on the rural issues which were identified, the Community Strategic Guidelines (CSG) and the objectives of the Lisbon and Gothenburg were defined following overall objectives:

- Facilitating the transformation and modernization of production and processing sectors of agriculture and forestry, improving competitiveness and environmental sustainability;
- Maintaining and enhancing the rural environment;
- Facilitating the movement of labor from agriculture to other sectors and ensuring adequate economic and social conditions for the rural population.

Basic principles of rural development policies promoted in Europe were established within the European Conference focused on rural development issues in Europe, “Planting seeds for rural futures – building a policy that can deliver our ambitions”, Salzburg, 2003. These were:

- ✓Country life is of particular interest not only for rural areas, but for society as a whole;
- ✓European rural diversity preservation is necessary in order to preserve cultural and natural heritage;
- ✓Encourage multifunctional agriculture;
- ✓Agricultural diversification, innovation and giving new meanings to products, according to consumer demand;
- ✓Rural development policies will be implemented in all expanded EU countries;
- ✓Rural areas is a factor of cohesion;
- ✓Principle of subsidiarity basic element;
- ✓Exploration and exploitation of new areas is the purpose for each project implemented in rural areas;
- ✓ Creation of networkis to share and promote positive practices;
- ✓Simplify rural development policies, as they have to rely on a single program, a single funding source and a single body of control.

## **2.CONSEQUENCES OF THE RURAL DEVELOPMENT POLICIES IN BOTOSANI COUNTY**

With the integration of Romania in the European Union on 1 January 2007, the main sources of funding for sustainable rural development programs, that support the implementation of the local development strategy of a community, have became the European funds. Different institutions of central and local government consider them to be a solution to reduce development disparities

between different regions of Romania, and other regions of the European Union. Article 158 of the Treaty establishing the European Community (1957) refers to “reducing disparities in the level of development of the various regions and the backwardness of the least favored regions or islands, including rural areas”. Article 159 of the same Treaty requires that this action to be supported through Structural Funds, investments of the European Investment Bank's and other financial instruments.

European Union, through the economic and social cohesion policy, promotes a policy of solidarity, its purpose being to promote a high level of competitiveness and employment, offering help to less developed regions, which are facing structural problems.

In the European Union context, accessing grants for agriculture and rural development, to reduce development disparities between different regions of Romania and other European Union countries, is a priority. The LEADER program is designed to facilitate the introduction of rural development policy in the European Union countries, which motivate local authorities to develop policies for rural development.

Botosani benefited from the opportunities offered by SAPARD Programme (2000-2006), before Romania's accession to the European Union, which was focused on the modernization and rehabilitation of rural infrastructure. A number of 7 village and communal roads were improved through projects funded by the European forum for infrastructure. They modernized village roads had a length of 64.25 km, and the total cost was of 5,860,295 euros. In 2007 their execution has been completed, this being one of the positive effects of the policies promoted and supported by the European Union in the process of country integration. The rural development project in 20 municipalities of the Botosani County consisted in the paving of 202.419 km of earth roads, at a cost of \$ 7,109,240. The infrastructure of utilities benefited from the advantages of European financial tools through three major projects, aimed to assure rural water supply, with a total value of 2,638,326 euros. The precariousness of the countryside in this area was major, this preventing concurrent improvement being done and making rehabilitation almost impossible for the entire rural county Botosani.

The SAPARD program provided an huge opportunity to access grants for the Botosani County. The approved projects were from the following areas: food, farming, and diversification of economic activities. The SAPARD Programme during 2000 - 2006 was a significant opportunity in the studied area, European funds in the amount of 48,248,300 Euro beeing absorbed in this period, covering a total of 132 projects.

**Figure 1 - Investment in Botosani SAPARD Programme 2000-2006**

Investment	Projects	Investment	Projects
Factories for milk processing	9	Goat farm	1
Slaughterhouse cattle, sheep	2	Establishment of fattening pig farm	2
Cooked meat factory	2	Greenhouses (establishment and modernization)	5
Modernization of primary processing of cereals	1	Farmhouses	2
Procurement of agricultural machinery	50	Snail farms	5
Firm foundation cows	45	Fish farms	2
Livestock farm modernization	2	Bee farms	3
Fattening rams	1	Craft workshop equipment	1
Sheep farm	1		

Source: Botosani County Council

Most projects (95) were for purchasing agricultural machinery and foundation of cow farms, demonstrating that, even then the priority was to practice a modern agriculture, specialized according to European standards.

A total of 12 projects were conducted in 2007, of which 11 for the improvement of roads (in Avrameni, Broscuti, Dersca, Draguseni, Gorbanesti, Hanesti, Hudesti, Ibanesti, Stauceni, Suharau and Sulita), with a total value of 8.679.822 euros and one for the water system (in Manoleasa) with a total value of 728.246 euros. The projects allowed the administration to continue the modernization and rehabilitation of the rural areas, process that began with the accession of Romania to the European Union.

The authorities of the Botosani County have given significant attention to achieve rural development policies after Romania's accession to the European Union. The socio-economic development strategy 2008-2013 was created in accordance with EU's policies and in compliance with their guidelines, regarding the reduction of disparities. The County Council has received funds for 16 projects which were aimed to rural development and to reduce the disparities between local and national rural areas. The projects focused on reducing the gaps in infrastructure, transport and urban comfort.

**Figure 2 - Implementation of projects implemented through funding programs Botosani 2007-2013**

No.	Financing Program	Number of projects
1	Regional Operational Programme 2007-2013 (Axis 2)	4
2	Regional Operational Programme 2007-2013 (Axis 3)	5
3	Regional Operational Programme 2007-2013 (Axis 5)	1
4	Sectoral Operational Programme Environment (Axis 1)	1
5	Sectoral Operational Programme Environment (Axis 2)	1
6	Operational Programme Romania - Ukraine - Republic of Moldova 2007-2013	1

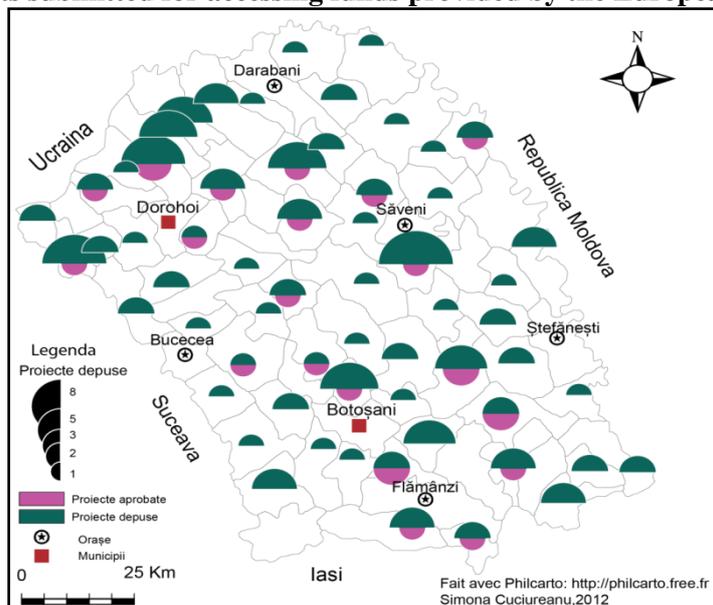
7	State Budget SDN (Sectoral Operational Programme Transport)	1
8	State Budget EON-Gas (DistriGaz)	1
9	Instrument for Structural Policies for Pre-Accession (ISPA)	1

Source: Botosani County Council

Projects that were funded in the County of Botosani highlight that the authorities have the goals to improve the transport infrastructure, through rehabilitation and modernization, to develop and modernize social, technical and urban comfort, and also to protect the environment through the modernization of water and waste management. The implement projects in the studied area support and highlight the importance they have in the rehabilitation and modernization of the European Union peripheral areas, such as the rural areas of the Botosani County.

The Botosani County uses various policies to reduce the gaps between urban and rural areas, and between the different rural areas from Romania. A program which had an important role for rural development was the Farmer Program, launched by the Government, which supported the county population who had no financial resources to develop their projects. Botosani also accessed funds from the PHARE program and from the neighborhood programs with Moldova and Ukraine.

**Figure 3 - Projects submitted for accessing funds provided by the European Union Botosani**



Source: Soros Foundation

If we analyse the projects financed through European Union funds we observe that the Botosani County focuses on rural development, because the gaps between its rural areas and the rest of Romania and Europe are very high. That is why the upgrades done in the area seem to be insignificant. A close analysis of the projects which were submitted to obtain European Union funds

in 2007-2009 by rural authorities shows us that the number of approved projects aimed for rural development decreased.

Thus, the interest of municipalities to submit projects can be labeled as low, compared to the opportunities offered by EU membership both before and after integration. That is despite the fact that the studied rural areas are underdeveloped. From the cartographic analysis we excluded cities like Botosani, Dorohoi, Darabani, Saveni, Stefanesti, Bucecea and Flamanzi - because the analysis is on the administrative units of the rural areas, and because most projects were submitted by these cities and could not reflect the current situation at objective scale. Most projects were submitted by the municipalities from the vicinity of towns, but only a few have been approved; for example, in the eastern part of the county, on the Prut valley, only the village of Mitoc has obtained European Union funds. If we analyze the situation we can identify several factors influencing this issue, like the lack of specialized people able to write projects for obtaining European Union funds.

The Botoșani County is facing major challenges in the field of rural development, although the integration in the European Union provides real funding opportunities for the reduction of disparities between Romanian and the European rural areas and for turning them into competitive areas. In the process of accessing European funds and support we needed to create a framework to ensure rural development perspectives to the potential of existing areas. The Funds represent a solution to solve existing problems in these vulnerable areas.

## CONCLUSIONS

The rural development policies and tools promoted by the European Union support the member states' policies for development and modernization and have reduced the gaps between the rural areas of the developed countries and those which, at the moment of accession, were peripheral (Portugal in 1990) making them competitive and effective. The 2007 integration in the European Union has enabled Botosani County to access European Union funds for rural development. The rural development policies from Romania are consistent with those of the European Union following the same principles and guidelines aimed to increase competitiveness, territorial cohesion and socio-economic development.

The rural development policies from the Botosani County were conducted according to national or regional policies and priorities based on the vulnerabilities of the rural areas. So they relied on the absorption of funds for the rehabilitation and modernization of the transport infrastructure (with a focus on the implementation of projects for the improvement of regional and

national roads), and the development of the technical infrastructure for the urban comfort. Initially road quality was poor but now the major traffic arteries are fully rehabilitated and modernized, with the exception of the Manoleasa - Radauti-Prut road. County roads were rehabilitated on certain segments, to continue the submission of projects aimed to raise the quality of the axes roads to EU standards and technical quality. At the same time the urban comfort was very low, the only existing utility being the housing electrical equipment, that is why a high number of projects aimed for developing urban comfort the technical comfort with plumbing, sewerage, gas were approved.

The SAPARD program, a European Union tool for financing integrating countries, led agricultural development, its transformation into certain common into modern agriculture and farming. Currently in Botosani modern agriculture is practiced only in exceptional cases, but access to funds changed the view and determined a reduction of the share of subsistence agriculture and an increasing interest in the reorganization of agriculture in this area.

The policies of the European Union have had positive effects on the rural development in Botosani County because authorities have developed policies following the guidelines of the European forum. The policies were aimed to reduce the disparities at the local level, especially in rural areas. Rural disparities will become insignificant only if a greater number of European funds projects that aim to reduce rural gaps of European and rural areas Botosani County, will be submitted.

The rural development has become a priority, requiring policies to follow logical and integrated rural rehabilitation by exploiting existing resources and accessing funds from the European Union, and becoming, in this way, a competitive space. Projects that have been implemented so far show us that the authorities are guided by European priorities such as the rehabilitation of transport and of the utilities infrastructure, represent an evolution of the countryside, the development being focused on reducing disparities and increasing competitiveness.

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