

## The impact of subsidies on the development of the rural area in Romania. Case study, South Muntenia Development Region

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**Abstract:** *The rural area at the level of South-Muntenia Region contains a number of 519 communes, with 2.019 villages, respectively, 7 counties; the rural population has 1.901.233 persons, having a percent of 58,6% of the total population of the region [3]. The agriculture, in this area, has remarkable natural in order to become competitive and efficient, but it can not develop due to the inadequate technical equipment, and due to the way of it is used. In this regard, we consider it is needed to study the impact of subsidies, that were ensured from the national budget funds and European funds, which contributed to the improvement of the reference indicators for the rural development of South-Muntenia Region.*

**Key words:** *rural area, infrastructure, strcuture of farms, subsidies, discrepancies, resources.*

### INTRODUCTION

Romania, as integral part of the European Union, applies the strategic guidelines set for all EU member states, taking into account the structural and economic differences that characterize our country. For agriculture, mechanisms of the Common Agricultural Policy (CAP) apply, which is combined with other structural adaptation policies to the Community requirements, taking into account the national peculiarities. The *subsidy* defines the financial support under CAP, ie NRDP, individuals and companies that operate in the rural area, aiming mainly the rural development, improving the quality of life, reducing disparities at local, regional and national level [3].

### LAYOUT

#### MATERIAL AND METHOD

Highlighting the role of subsidies given by SAPARD Program projects by the end of 2012 was made based on the statistical data collected for South-Muntenia Region, which were interpreted in correlation with economic indicators. In order to study the impact on rural area, it was considered the standard deviation, the coefficient of variation and the significance of this variation.

This paper is a study made in South Muntenia Region on the impact that the rural development programs have during the pre- and post-accession period, in the economic - social development of the rural communities in this area.

#### RESULT AND DISCUSSIONS

For the regional development in Romania in the period 2007-2013, funds totalize about 4.4 billion euro, of which for South Muntenia Region, about 630 million euro was allocated. From the funds for this region, the projects with the highest value allocated are for Axis 1, urban development programs (33.7%), followed by Axis 2, respectively programs for the modernization of the road network (21.2%) , and Axis 3, rehabilitation and modernization of infrastructure in health, education (17.9%), Axis 4, the activities of SMEs (15.6%) and Axis 5 with cultural and tourist heritage (11.5%) [4].

**Under measure 2.1 „Development and improvement of rural infrastructure”,** regarding the county and commune roads, the drinking water supply network and the sewerage network in the rural area in South-Muntenia Region, a number of 147 projects was approved, with a value of 115.334.036,41 euro, with a funding level of 85,34 %, in the period 2006-2012.

Table 1. Impact of subsidies of measure 2.1 on the road infrastructure in the rural area –South-Muntenia Region, comparatively 2006 and 2012

Region/county	County, commune roads - km-		Differences +	Density of public roads on 100 km <sup>2</sup> territory		Differences +
	2006	2012	2012 compared to 2006	2006	2012	2012 compared to 2006
South - Muntenia	9317	<b>9916</b>	599	35	<b>36,9</b>	1,9
Argeş	2459	2891	432	44,4	50,9	6,5
Călăraşi	797	820	23	24,9	25,9	0
Dâmboviţa	1398	1507	109	43,4	46,1	2,7
Giurgiu	829	848	19	32,2	32,9	0,7
Ialomiţa	803	803	0	25,7	25,9	0,2
Prahova	1896	1912	16	46,4	46,8	0,4
Teleorman	1135	1135	0	26,3	26,3	0
Standard deviation	x	x	x	7,97	10,59	x
Coefficient of variation (%)	x	x	x	<b>20,05</b>	<b>25,42</b>	x
Significance	x	x	x	mare	mare	x

Processed from: Romania Statistic Yearbook 2007 and 2013 INS [4].

The data from Table 1 show that projects were accessed under Measure 2.1 for the rural roads infrastructure in Arges, Dâmboviţa and Călăraşi counties, where an increase of the length of the county and municipal roads is registered, of 432 km, 109 km and 23 km respectively, registering an increase of the length of these regional roads of 599 km. Calculating the coefficient of variation of the density of roads, on counties, in South-Muntenia Region, we find that it has very high, significant values, meaning that the road density is very different between the counties in the region.

The same increase in indicator is highlighted also on public roads density per 100 sq. km territory for Arges, Dâmboviţa and Călăraşi counties [2]. It is found out that on the studied period the coefficient of variation has a value in increase, being high as significance.

It demonstrates that the differences between the counties of South Region have increased during this period. *The increase of road infrastructure in the region, contributed on medium and long term, to the increased economic activities by increasing the mobility of the agricultural products in the rural area and the urban area, within and outside the region.*

The data in Table 2 show for 2012 an increase of 33.21% in the number of localities with drinking water network in the rural area. At the region level, from 289 locations in 2006 to 307 localities in 2008, 378 in 2010 and 385 localities in 2012, ie an increase of 96 localities that have drinking water distribution network, thus increasing the living standard in the urban area and complying with the funding aim.

The largest number of locations with increased activity of the drinking water supply distribution, were registered in 2012 in Prahova county, 20 localities, followed by Teleorman county with 15 localities and 14 localities in towns Argeş county.

**Table 2. Impact of subsidies of measure 2.1 on drinking water supply infrastructure in the rural area in South-Muntenia Region, for the period 2006-2012**

Region/county	Localities with drinking water supply network in the rural area				Differences 2012 compared to 2006	
	number					
	2006	2008	2010	2012	nr	%
South - Muntenia	289	307	378	385	96	24,9
Argeş	69	71	75	83	14	16,9
Călăraşi	34	35	50	47	13	27,7
Dâmboviţa	46	51	82	62	16	25,8
Giurgiu	15	16	15	17	2	11,8
Ialomiţa	41	43	59	57	16	28,1
Prahova	64	67	69	84	20	23,8
Teleorman	20	24	28	35	15	42,9

Processed from: Romania Statistic Yearbook 2007 - 2013, INS [4]

**Table 3. Impact of subsidies of measure 2.1 on sewerage network infrastructure in the rural area of South-Muntenia Region, for the period 2006-2012**

Region/County	Localities with public sewerage installations in the rural area				Differences 2012 compared to 2006	
	number					
	2006	2008	2010	2012	nr	%
South - Muntenia	40	42	47	96	56	58,3
Argeş	11	12	13	23	12	52,2
Călăraşi	1	1	2	6	5	83,3
Dâmboviţa	4	4	5	13	9	69,2
Giurgiu	1	1	1	3	2	66,7
Ialomiţa	0	0	0	7	7	100,0
Prahova	22	23	23	36	14	38,9
Teleorman	1	1	3	8	7	87,5

Processed from: Romania Statistic Yearbook 2007-2013, INS [4]

At the level of South-Muntenia Region, subsidies regarding the sewerage network infrastructure in the rural area (Table 3.) had as effect the increase of the number of localities with sewerage network from 40 locations in 2006 to 96 localities in 2011, thus Argeş county increased with 12 localities, Călăraşi county with 5 localities, Dâmboviţa county with 11 localities, Giurgiu county with 2 localities, Prahova county with 14 localities and Teleorman county with 7 in 2012 compared to 2006. In Ialomiţa county, which until 2010 had no localities with sewerage network, in 2012 there are 7 localities, *thus contributing to the increase of the living standard of the inhabitants of the respective localities.*

### CONCLUSIONS AND FUTURE WORK

From the analysis of the impact of subsidies on the rural development, the following conclusions result:

At the level of South Muntenia Region, important risks are considered: insufficient financial resources for the local and regional infrastructure development; macro-economic instability; stagnation of foreign capital entering; continuation of demographic decline.

The drinking water distribution network, their capacity and the volume of water distributed to the households can not provide the utility needs of the rural population, as the number of inhabitants and as proportion of the equipped rural localities. In this respect,

the rural population is not ensured with acceptable living conditions, being dependent on obtaining the drinking water from other sources (wells, springs), which not in all cases provide adequate drinking water.

There is a legislative framework for the introduction of centralized water supply in order to provide drinking water for about 1.200.000 people in 855 localities in the rural area; ensuring the stringent needs for drinking water in the rural area; the community awareness on the need for drinking water supply sources in a centralized system and the population education on the rational use of water resources; ensuring water supply of agents involved in the rural localities development; creating the basic conditions for decent life and revitalization of some disadvantaged areas; management and rational use of water sources.

- The infrastructure development creates the perspective for the increase of work force employment level, expanding business opportunities. Given that revenues of the community are insufficient, subsidies have a particularly important role for increasing the rural economic development and improving the living conditions of the inhabitants.

- Although the funding allocated to the rural communities are not neglected, the contribution of the rural development programs for the evolution of the rural area do not exceed 12% of the total grants [1]. In this context, it can be said that the *rural development programs* are more a *model of best practices* for the business sector representatives and from the administrative area of the rural area, but a *catalyst* for the rural development as a whole.

***The rural development of South-Muntenia Region is the result of the interaction between the material, human and financial resources, on the one hand and the factors acting in the rural area, at the level of economic processes, on the other hand; the gaps and disparities in development between South part and North part of the Region must be reduced by applying some corrective measures, contained in an integrated manner in the Sustainable Development Strategy of South-Muntenia Region, which includes also its Rural Development Strategy.***

#### REFERENCES

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**This paper has been reviewed.**