

FACTSHEET #8

The National Rural Development Programme (NRDP) 2014-2020 Business Support in agri-food industries or for diversifying the rural economies for microenterprises and small enterprises

1 Policy context

The National Rural Development Programme (NRDP) represents a type of financing which supports **agriculture and rural development**, such as businesses in agri-food industries, investments aimed at diversifying the rural economies for microenterprises and small enterprises. Distinct from the type of support that is offered through the ROP, and which is focused on urban territories (and the rural area for middle enterprises), the NRDP targets exclusively those entrepreneurs and SMEs who invest and do business in the rural area.

The NRDP fits into and contributes to the existing policy framework at the European and national levels. Our analysis reveals there is a high level of coherence between the NRDP, the Partnership Agreement, the Common Strategic Framework and the specific recommendations for Romania.

The total value of the programme is € 9 363 B (the European Agricultural Fund for Rural Development and national budget) and has seven priority axes as follows:

- 1. Encouraging knowledge transfer and innovation in agriculture, forestry and rural areas;
- 2. Increasing the viability of farms and the competitiveness of all types of agriculture in all regions and promoting innovative agricultural technologies and sustainable forest management (€ 1 989.79 M value);
- 3. Promoting the organization of the food chain, including the processing and marketing of agricultural products, animal welfare and risk management in agriculture (€ 1 139.50 M value);
- 4. Restoration, conservation and consolidation of ecosystems related to agriculture and forestry (€ 718.61 M value);
- 5. Promoting resource efficiency and supporting the transition to a low-carbon and climate-resilient economy in the agricultural, food and forestry sectors (€ 809.15 M value);
- 6. Promoting social inclusion, poverty reduction and economic development in rural areas (€ 2 575.42 M value);
- 7. Technical Assistance (€ 209.10 M value).

The present factsheet is focused on the **Priority Axis 6, the SO (Specific Objective) “To stimulate the business environment in the rural area, contributing to the increase in the number of non-agricultural activities in the rural areas, as well as to the development of the already existing non-agricultural activities, job creation and increase of the rural population’s incomes”** (Sub-measures 6.2 and 6.4).

2 The policy measures

From the entire spectrum of business support measures of the programme, there were selected for this assessment two sub-measures which complement the measures funded through the ERDF, ESF and the national budget in the urban or in both urban and rural area.

The sub-measures in question are part of the **Intervention domain 6A: Facilitating the diversification, establishment and development of small businesses, as well as job creation.**

These are:

- **6.2** “Support to the establishment of non-agricultural activities in rural areas”;
- **6.4** “Support for investments in the creation and development of non-agricultural activities”.

2.1. Overview – the policy in numbers

The NRDP is a national programme without regional or county allocation. Thus, all data related to the stakeholders are reported only at national level.

Table 1: Overview – the policy in numbers

Sub-measures	Romania			Stakeholder territory			
	Allocation (EARDF+national)	Contracted (ERDF+national)	No of contracts	Contracted (EARDF+national)	%	No of projects	%
6.2.	111.57	113.68	1,922	4.95	4.35	89	4.63
6.4.	176.50	152.725	915	8.67	4.91	50	5.46

Source: Agency for the Finance of Rural Investments, May 2020

At the national level, over 1900 projects were contracted for sub-measure 6.2. At the level of the four counties, 89 projects were contracted, representing 4.35% of the total national value. Botoşani ranks first with 35 projects, followed by Vaslui (29 projects). At the opposite poles are the more developed counties with investment in the urban area, namely Iaşi with 15 projects and Galaţi, with 10 projects, respectively.

For sub-measure 6.4 only 86.53% of the allocated amount was contracted at the national level, representing 915 projects. Of these, 50 projects were contracted in the stakeholder territory (5.46% of the national level). Iaşi ranks first (21 projects) followed by Botoşani (17 projects).

2.2. Intervention logic

Five measures represent the strategic backbone of the NRDP. Based on them, the Management Authority (MA) has developed the NRDP around three pillars:

- **Support for human capital assets** (measures 1 and 2);
- **Support for physical assets (measures 4 and 6)**. These measures provide the “hardware” of the NRDP and are essential to bridge the gaps in investment in agriculture and the agri-food industry;
- **Support for organizational assets** (measure 16 and measure 9).

The interventions designed for the development of non-agricultural activities aimed at job creation, increasing rural incomes and reducing rural-urban disparities, given the lack of capital in rural areas, as well as the limited business management skills. Rural areas play an important socio-economic role in Romania because of their extensive area and population.

Needs

- reversing the decline and ageing in the rural population;
- increasing incomes in the rural areas;
- creating sufficient job opportunities.

Actions

- support to promote the diversification of activities towards new non-agricultural activities within farms, micro and small enterprises;
- support to existing farms, micro and existing small enterprises that develop productive non-agricultural activities.

Activities

- Under sub-measure 6.2. – allocation of grants with a value between € 70 000 and € 75 000, and 10% beneficiary co-financing;
- Under sub-measures 6.4. – allocation of grants with a value up to € 200 000 and 10% beneficiary co-financing.

The grant may be used for the following activities:

Investments in the production and marketing of non-agricultural products, such as:

- manufacture of textile products, clothing, leather goods, paper and cardboard;
- manufacture of chemicals, pharmaceuticals;
- processing activities of wood products;
- the metallurgical industry, manufacturing of metallic constructions, machines and equipment;
- manufacture of electrical and electronic products;
- production of electrical, electronic, and metal products, machinery and equipment, cardboard production, etc.;

Investments in craft activities, such as:

- Crafts and other traditional, non-agricultural activities (pottery, embroidery, manual processing of iron, wool, wood, leather, etc.).

Investments linked to the provision of services, such as:

- Medical, social, sanitary-veterinary services;
- Repair of cars, tools, household items;
- Consulting, accounting, legal, auditing services;
- Service activities in information technology and information services;
- Technical, administrative services.

Investments in the production of biomass fuel (e.g., pellets and briquettes)

Beneficiaries

- Under sub-measures 6.2. - Micro-enterprises and small start-ups
- Under sub-measures 6.4. – Micro-enterprises and existing small enterprises

Expected outputs

Micro and small enterprises supported to develop businesses in rural areas. 2 928 beneficiaries / farms receiving support.

Expected results (defined at the sector level) as

- the reduction of existing poverty in rural areas;
- 24 417 jobs created.

2.3. Results achieved in the region

At the level of the stakeholder territory, the results achieved under the two sub-measures (6.2 and 6.4) are the following:

- 268 implemented projects;
- 179 jobs created in:
 - Botoșani (29.6% of the jobs in the stakeholder territory);
 - Vaslui (27.93% of the total of jobs created).

All the projects are in the services sector.

The share of created jobs is similar to the number of contracts under sub-measure 6.2., highlighting that Vaslui county creates 36.45% of the jobs in the stakeholder territory, and Galați county 32.7%.

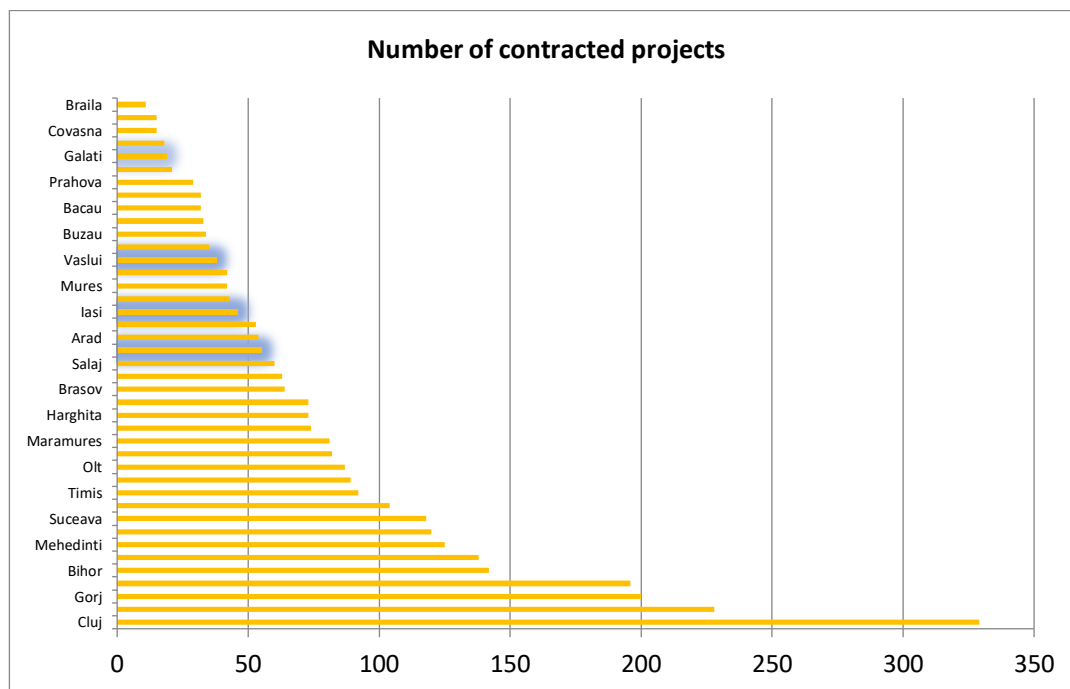
Under 6.4. sub-measure, Iași county created 32% of the jobs in the stakeholder territory. It is followed by Galați with 8 projects that created 20 jobs, meaning 27.7% of the jobs in the four counties.

Access to funding in the stakeholder territory

The May 2020 aggregated data at the programme level reveals that:

- 89 projects were contracted for funding in the stakeholder territory with a total absorption value of € 4.95 M (Sub-measure 6.2);
- 50 projects were contracted for funding in the stakeholder territory with a total absorption value of € 5.49 M (Sub-measure 6.4).

Figure 1: Ranking of the stakeholder territory among all the counties of Romania



Source: Agency for the Finance of Rural Investments, May 2020

At the national level, out of the 2 837 contracted projects, 158 are in the stakeholder territory. Approximately a third of the projects in the stakeholder territory are in Botoșani county, which ranks it the first among the four counties in the stakeholder territory but only in the middle in the national ranking (position 22), followed closely by Iași (25). The county with the smallest number of contracted projects is Galați which has a total number of 19 contracts ranking on the 37th place.

3 Case study

Beneficiary: Ivănușcă Maria-Daniela Individual Enterprise

Project title: Diversification of the company's activity

Location: Iurești village, Todireni commune, Botoșani county

Value of the public support received: €: 70 000

The company was established in 2015. The initial activity purpose was the cultivation of cereals.

The project aimed to diversify the activity of the company by manufacturing handmade carpets (NACE 1393 activity). The project consisted of:

- the acquisition of the equipment necessary for the production of handmade carpets (looms, furniture, production space and equipment);
- promotion through a website and taking part in promotion fairs in the field of activity;
- the creation of 3 jobs following the implementation of the project.

Beneficiary: SC Itrom Trakt SRL

Project title: Acquisition of a hydraulic drilling installation and related technological equipment for carrying out geotechnical studies, micro pilots and pilots, to diversify the agricultural activity of the company.

Location: Tudor Vladimirescu village, Avrameni commune, Botoșani County;

Value of the public support received: € 198 450.

The company was established in 2004. The initial activity purpose was the cultivation of cereals.

The project aimed at diversifying the activity of the enterprise and extending it to include drilling services.

The project consisted of:

- the acquisition of the hydraulic drilling rig for the sounding and sampling activity
- piloting with CFA technology.