Why isn’t agricultural association attractive?

Support out of European Funds for agricultural associations

Authors:
Lucian Luca
Alexandra Toderiță

CRPE Policy Brief nr. 14
June 2012
Table of Contents

INTRODUCTION ........................................................................................................................................... 3
PRIORITY AXIS 1 OF THE NRDP - IMPROVING COMPETITIVENESS OF THE AGRICULTURAL SECTOR ................................................................. 4
INTERACTION WITH INVESTMENT SUPPORT MEASURES .................... 5
MEASURE 141 - SUPPORTING SEMI-SUBSISTENCE FARMS ..................... 7
IS IT WORTH IT TO TAKE THE STEP TOWARDS THE FORMALIZED ECONOMY? .............................................................................................................. 9
MEASURE 142 - SETTING UP PRODUCER GROUPS .............................. 10
THE MAIN PROVISIONS OF THE 2014-2020 RURAL DEVELOPMENT REGULATION PROPOSAL .................................................................................. 12
CONCLUSIONS .............................................................................................................................. 13
UPDATE .................................................................................................................................................. 15
Introduction

The European Commissioner for Agriculture and Rural Development, Dacian Cioč, recently stated\(^1\) that, in his view, there are three key issues for which Romania has to find solutions in order to fully benefit from the opportunities of the Common Agricultural Policy in the next multiannual financial framework 2014-2020: farmers association, formalizing Romanian agriculture, agricultural advisory and consultancy services.

This report focuses on the first issue – association of agricultural producers in Romania, regarded as a means of market integration.

Cooperation in agriculture has a bad name in Romania. When they hear the word ”cooperative”, most people think of communist Agricultural Production Cooperatives (CAP) and what they represented for Romania’s agriculture. But the story stretches back a long time ago. Extreme fragmentation of land plots is not a post-1989 novelty, as interwar Romania faced the same problem. The post-World War I land reform aggravated this problem\(^2\) in a surprisingly similar way to the results of the redistribution of agricultural land after 1990. The structural problem lies in the fact that a fragmented agriculture cannot reach a strong market position, especially in our globalized world. Added value can hardly be created in households with an average of about 3.5 hectares, as indicated by the 2010 agricultural census. A structural problem could be solved by a structural solution: association. The interwar Romanian State had several laws to encourage association and capitalization of agriculture. They mostly failed.

We now face a similar situation. The europeanization of Romanian agriculture (the new name of the modernization paradigm) should be made through funds provided by the National Rural Development Programme (NRDP), funded by the European Union. We are now beginning the process of preparing the future NRDP of the 2014 - 2020 multiannual financial framework. It is important to ask the right questions and to draw the appropriate lessons from the current RDP, so that we will better prepare the next one.

This report provides an analysis of the NRDP in terms of measures aimed at encouraging association and market integration of small producers. Have these measures succeeded, compared with the proposed objectives? What worked and what did not work in these policies? Should we design solutions to stimulate associativity only within the NRDP or are we in dire need of broader policies, stemming not only from the NRDP and the Ministry of Agriculture (eg concerning the difficult formaization topic), but also from other line ministries? We now try to provide some answers to these questions.

\(^{1}\) “Dacian Cioč: Romania must have as priorities farmers association, consultancy services, agricultural formalization”, Recolta, 23 May 2012

\(^{2}\) Bogdan Murgescu, “Romania and Europe. Accumulating economic disparities”, Polirom 2010
We wish to thank all the experts who attended the consultative meeting organized by CRPE and RAF, as well as everybody who responded to the interviews and questionnaires, and to the National Rural Development Network members who provided feedback.

Priority axis 1 of the NRDP - Improving competitiveness of the agricultural sector

The NRDP absorption rate (March 2012) is around 35%. This means that the NRDP is on a path that allows full absorption by the end of the implementation period (2015, under the n+2 rule).

The National Rural Development Program is structured around four priority areas that address the following:

1. Increasing competitiveness of agriculture and forestry;
2. Improving the environment and the countryside;
3. Quality of life in rural areas and diversification of rural economy.

Plus the LEADER axis, which supports the implementation of local action groups’ strategies. This report examines two of the Axis 1 measures with a direct and indirect impact on the establishment and development of agricultural associations:

**Measure 142 - Setting up producer groups** – which is directly aimed at the establishment of these associations.

**Measure 141 - Supporting semi-subsistence farms** – which indirectly supports association by giving a number of additional points to beneficiaries who entered a form of association;

Perhaps paradoxically, 141 is considered a success, as its funds have been accessed to a greater extent, while 142 (which directly aimed at stimulating association) has performed well below expectations. The difference of funds absorption between 141 and 142 is indicative in this respect (see Fig. 1).

**Fig. 1. Implementation status of the measures pertaining to Axis 1 on Oct. 15, 2011**

<table>
<thead>
<tr>
<th>Codes</th>
<th>Number contracted projects</th>
<th>Contract value (mil. EUR)</th>
<th>Share in the total sum allocated to the measure (%)</th>
<th>Payments made (mil. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 112 (young farmers)</td>
<td>112</td>
<td>5641</td>
<td>115.6</td>
<td>34</td>
</tr>
<tr>
<td>Measure 141 (semi-subsistence)</td>
<td>33156</td>
<td>248.6</td>
<td>52</td>
<td>52</td>
</tr>
</tbody>
</table>

4
farms)

<table>
<thead>
<tr>
<th>Measure</th>
<th>Number</th>
<th>Value 1</th>
<th>Value 2</th>
<th>Value 3</th>
<th>Value 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Măsura 142 (producer groups)</td>
<td>15</td>
<td>1.6</td>
<td>1.2</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Schemes XS13, XS28, NS578 (state aid for SMEs)</td>
<td>387</td>
<td>192.9</td>
<td>46</td>
<td>66.8</td>
<td></td>
</tr>
<tr>
<td>Measure 121 (modernization of agricultural holdings)</td>
<td>1803</td>
<td>685.0</td>
<td>75</td>
<td>303.3</td>
<td></td>
</tr>
<tr>
<td>Measure 123 (increasing added value to agricultural products)</td>
<td>495</td>
<td>498.2</td>
<td>85</td>
<td>127.8</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Minutes of the NRDP Monitoring Committee, December 2011*

The paradox is reinforced by the fact that 142 does not require a selection procedure - all recognized groups can access funding through this measure. However, few are interested. On the other hand, subsistence farming aid involves certain selection procedure, yet it is in much greater demand.

Both measures 141 and 142 have been transitional, as they only apply to rural development for the 2004 and 2007 new Member States. They were designed to speed up market integration of smaller farms, resulting from the agricultural sector restructuring in former socialist countries.

Measure 141 supports semi-subsistence holdings to individually restructure themselves, based on a development plan that entails better market integration. Measure 142 is aimed at collective integration (producer groups) on the market, through joint selling of products. The two evolution tracks may remain separate, but can also combine: theoretically, it is desirable that beneficiaries of semi-subsistence funds also become members of producer groups, thus increasing their chances of a more stable presence on the market.

**Interaction with investment support measures**

NRDP provides interlinkages between different measures of Axis 1, with a view to creating synergies among various support allocations. This overtly positive intention of the authorities,
implemented also by defining the selection mechanism of measure 141 beneficiaries’ selection mechanism, has had overall beneficial effects (many beneficiaries are, in fact, members of associations), but below expectations in terms of quality (most being professional representation associations, not commercially oriented). In the case of measure 142, where there is no selection procedure, it is explicitly provided that both members, and the group itself can submit project applications for other measures.

As for the interaction between the transitional measures (141 and 142), and those supporting investment (121 - Modernisation of agricultural holdings and 123 – Incresing the added value of agricultural products), a detailed analysis conducted by the Rural Development Management Authority, based on end of 2010 figures, shows that out of the 1964 projects financed through Measure 121, 1447 pertain to members of different associative forms (not necessarily producer groups, but also professional organizations), 80 pertain to associations (but most likely production associations), while only 96 projects were implemented by semi-subsistence farms. It is also the case for measure 123 (including state aid schemes), where out of 1504 financed projects, only 114 projects belong to associative forms (production associations and producer groups included).

In late 2011, focusing efforts on building successful premises for beneficiaries of measures 141 and 121 peaked with the debut of two new measures in Axis 1: Measures 111 "Proffesional la training (training), information and diffusion of knowledge" (15 contracts worth 13 million Euro) and measure 143 "Providing counseling and consultancy to farmers" (7 contracts worth 12 million Euro).

"Starting 2010, consulting started to have a saying. As it was a measure on which the paperwork was made almost for free by Agricultural Consultancy - less private consultancy was involved. Instead, information disseminated.

Also, the training providers were a dynamic factor. There was a desire to learn, access funding, also enhanced by the economic crisis arising in 2009, which made many of those who had no interest before to start analyzing them, as they had no other solution. And then, in many information classes, both public but especially private, such measures of the NRDP started being promoted."

Agricultural Consultant

If we consider the philosophy behind the NRDP, we can only conclude that only in 2012 have the Axis 1 measures, (particularly those aimed at structural adjustments) started to enhance each other, by providing such additional support (training and counseling for the potential beneficiaries).

In 2012 the National Rural Development Network (NRDN) became functional, giving a boost to the absorbtion of rural development funds. The NRDN organized two working groups targeting
the two policy areas corresponding to measures 141 and 142, namely "Support for small and medium farms" and "Association and Cooperation". Their work seeks to improve the current implementation of transitional measures, but can also be a source of suggestions for a better definition of the future rural development program.

The implementation of measures 141 and 142 is assumed directly by the Directorate General of Rural Development, which is also the Managing Authority for NRDP (NRDP MA).

**Fig. 2. Financed projects on June 7, 2012**

<table>
<thead>
<tr>
<th>Measure code</th>
<th>Number of submitted applications</th>
<th>Number of selected projects</th>
<th>Number of contracted projects</th>
<th>Contract value (mil. EUR)</th>
<th>Payments made (mil. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 141</td>
<td>64722</td>
<td>48512</td>
<td>46070</td>
<td>345.5</td>
<td>97.2</td>
</tr>
<tr>
<td>(semi‐subsistance)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure 142</td>
<td>40</td>
<td>40</td>
<td>34</td>
<td>5.0</td>
<td>0.7</td>
</tr>
<tr>
<td>(producer groups)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: NRDP MA*

**Measure 141 - Supporting semi‐subsistence farms**

Measure 141 supports agricultural holdings whose production goes primarily to auto-consumption, but also sell some of it. The goal is greater market integration of these farmers.

In theory, the structure of Romanian agriculture should have made this measure very popular. Romania had in 2007 a total of 3.9 million farms. According to Eurostat, about 3 million did not exceed 1 ESU³ (economic size). Out of the remaining 866 000 farms, 64% mainly produced for auto-consumption and 35% used direct sales (which are usually not recorded). Beneficiaries of measure 141 are selected out of these 866 000 agricultural holdings.

---

³ European Size Unit
The eligibility criteria for measure 141 refer to the applicant’s status (natural person under 62 years of age, who must become authorized natural person by the time the financing decision gets signed) and to farm characteristics:

- Holding registered in the Register of Agricultural Holdings, with an economic dimension between 2 and 8 ESU

and

- Selling part of the agricultural production obtained.

Additionally, they must submit a business plan for the next five years (the financing period). The business plan should commit to increasing:

a) the sold production by 20% after the first 3 years, and

b) the economic dimension of the holding by 3 UDE, eventually following investments. Also, after the first three years, there must be an increase of 20% of production sold and an increase of 3 ESU economic size of holding, possibly as a result of investment.

The 5 selection criteria, favor farmers who:

a) are members of associations forms (maximum 20 points);

b) receive agri-environment funds from Measure 214 of Axis 2 (15 points);

c) own an holding in a deprived area (30 points);

d) are under 40 years of age (30 points);

e) make an investment (maximum 30 points).

Once the beneficiary is selected, he receives an annual stipend of 1500 Euro until the end of the third year, when the verification is performed. If the criteria are met, the beneficiary receives funding for two more years, until the end of the 5 years period. On the contrary, he/she is not obliged to return the amounts received.

In some respects, the intentions of European regulations and the conditions related to the stage of development of our agriculture have not materialized in the most appropriate beneficiaries’ selection mechanism. For example, we salute the introduction of the criterion of belonging to an associative form, but the score difference between producer groups (20 points) and professional
associations (15 points) is too small. In our opinion, membership in a producer group should have been the decisive selection criteria for granting support, because of the complementarity of the two actions. It should have been more important even than the proposed investment criterion (as they are only proposed), and even more important than age. Also, both the agri-environmental or disadvantaged areas criteria do not seem relevant to the objective of the measure.

**Is it worth it to take the step towards the formalized economy?**

As previously mentioned, registering as an authorized natural person is a condition for receiving money on this measure. Respondents to our interviews often stated that formalizing production commercialization leads to higher costs for producers than what they received through the measure. Basically, what it means is that producers must enter the formalized system and give up selling on the roadside or in all sorts of informal transactions. Obviously, this makes for a competitive disadvantage compared to other producers, who stay out of the formal system. This disadvantage is not fully compensated, in most people’s views, by the 1,500 euros they receive through this measure.

Overall, measure 141 is a success: the number of beneficiaries increased from approximately 16,000 at the end of 2010 to approximately 46,000 in June 2012. Out of the 2010 beneficiaries, 76% were holdings under 5 ha, 15% between 5 to 10 ha, and 9% over 10 ha, hence there is an interest of small farms for market integration. Distribution by county of cumulative payments (June 2012) highlights three counties with payments of over 5 million Euro (Alba, Bistrița – Năsăud, Vrancea) and 7 counties with payments of over 3 million Euro. These differences are due to a mix of factors in which the consultancy offered by authorities plays an important role (such an example being the Vrancea Agricultural Chamber). Nevertheless, it is also influenced by the power of example and at least partially, by the possibility of meeting selection criteria (producer groups, agri-environment payments).

Measure 112 "Young farmers installation" is similar to measure 141, mainly due to its flat support, which is no longer is allocated in two installments per year, but 60% in the first year and 40% at the end of the third year after verification of accomplishing the 4 ESU economic growth condition. Failure to meet this commitment leads to sum refund. This

> "Last year there were many applications from those working abroad (eg Italy), who wanted to access this measure. For them, it is an opportunity to return home, put up a farm, while in the same time changing their social status. We expect these effects to gain way in the coming years. "
> Agricultural consultant
By the nature of the gradual allocation has managed so far to stimulate the beneficiaries of measure 112 to become truly active on the market, in order to avoid returning the amount received.

Beneficiaries of measure 112 are the farmers:

a) under the age of 40, who
b) get installed for the first time in a holding between 6 and 40 ESU of size and
c) become authorized natural persons.

The total amount they receive is between 12 000 and 40 000 Euro (depending on the size of the holding). Money can be reclaimed by the state after checking if the proposed business plan is respected.

**Measure 142 - Setting up producer groups**

Measure 142 encourages the establishment of agricultural producer groups, whose contribution to the restructuring of the agricultural sector in Romania may prove decisive. Even if declarations of authorities and farmers in support of associativity have become commonplace in recent years, they did not have the expected impact on the great majority of farmers.

Agricultural production association remains somewhat limited to the consolidation of entities created in the early 1990s (the 2010 general agricultural census recorded 1390 holdings organized as corporations or agricultural associations, operating in total around 550 000 ha). More so, the operating logic of the NRDP was rather more centred on the concentration of supply through association, therefore encouraging joint selling of production. Measure 142 is designed to meet this objective.

Still, results are still disappointing, and one of the aims of this report is to achieve an understanding of the causes hindering the development of producer groups.

At the end of 2010, only 14 producer groups (with a total of 801 members) were supported through 142. They had the following specializations: 6 groups - field crops, 4 - milk, 2- herbivorous animals and 2 - meat birds. By the end of 2011 the situation was stationary (16 producer groups were benefiting from measure 142), but in 2012 things picked up pace: several groups started the procedures to gain support offered through this measure (in June 2012 34 producer groups had signed financing contracts).

By April 2012, about 140 producer groups had received validation decisions from the Ministry of Agriculture. Aut of these, about 100 are the potential beneficiaries of measure 142. Another 34 producer groups, specialized on vegetables - fruits, have been preliminarily recognized (so as to turn themselves into vegetables – fruit producer organizations). Producer groups in the fruits and
vegetables sector are not supported by the NRDP through measure 142; they receive allocations from another fund (EAGF - European Agricultural Guarantee Fund), under another regulation, through the Agency for Payments and Intervention in Agriculture (APIA).

Aid granted through 142 comes in the form of a flat amount paid in annual installments for five years after the group’s date of recognition. Support is degressive: in the first two years they receive 5% of the traded production value, amount which decreases by one percentage point, down to 2% in the fifth year. For production values of over 1 million Euro, the amount is reduced to half for the sum exceeding this threshold. Also, support is capped at 100,000 euros in the first year, the threshold being reduced gradually to 50,000 by the fifth year.

As measure 142 does not apply a selection procedure, the groups willing to benefit from the support described above must only be recognized under national law (OG 37/2005 with subsequent amendments) and propose a business plan.

Recognition conditions require that the producer group be a legal entity (agricultural company, cooperative, or even association or foundation), established at the farmers’ initiative, aimed at joint selling their agricultural products. Producer groups must be comprised of at least 5 members and have to commercialize at least 75% of the members’ production. Also, they must have an accounting, billing and production registration system, allowing them to produce official records proving that sold production value exceeds 10 000 Euro.

As for the vegetables – fruit sector, recognition conditions are similar. Producer groups are granted preliminary recognition, so that they turn into producer organizations within the next 5 years. The condition is that the value of marketed production exceeds 1 million RON. The organization recognition plan (developed within 5 years) is monitored by APIA and the annual flat rate is granted after the implementation of each stage.

In addition, support is given to investments provided in the recognition plan, but they are also required to set up operational funds from members’ contributions. This can sometimes give rise to cohesion problems within the groups (some members being unwilling or unable to contribute).

By April 2012 34 producer groups and a vegetables – fruit producer organization were receiving support through APIA. In 2013, four groups are to become organizations.

An important difference from measure 142 is the possibility to recover the granted sums should APIA decide to stop funding because of deficiencies or irregularities in the implementation of the measures laid down in the recognition plan. In the fifth year of funding, the vegetables - fruit producer group must become an organization. Otherwise, they must give the money back. It will be interesting to see how APIA will apply this measure (which members will pay and how joint responsibility will work in practice). This problem cannot arise in the case of measure 142, as it doesn’t provide for money recovery in case of failure.
In June 2012, a public consultation has been opened on policy options for the regime of the fruit and vegetables sector in the EU. After identifying four major weaknesses in the organization of production (reduced organization rate, small size of producers’ organizations, limited coverage for certain products, lack of professional management), alternative policy options were proposed, taking into account the possibility of transferring some or all support measures to Pillar 2 (rural development).

The main provisions of the 2014-2020 Rural Development Regulation Proposal

The European Commission’s legislative proposal for the 2014-2020 Rural Development Regulation offers through the proposed measures opportunities for further market integration of small farms, in two of the six EU rural development priorities (priorities which replace the current axes). Thus, measures are extended to all Member States.

Measure 141 (semi-subsistence farms) is continued by business creation and development of small farms support through the measure "Developing agricultural holdings and businesses ", being one of the actions that respond to the priority "increasing the competitiveness of all types of agriculture”.

A measure called "Setting up producer groups", the same as the current measure 142 (producer groups), will act in 2014 addressing the priority "Promoting food chains". Within the same priority, a measure of "Cooperation" is extended, whose correspondent in the current regulation has not been introduced by Romania in the current NRDP.

In order to render the small farms measure operational, it is important to define the small farm (through a minimum and maximum threshold), without overlapping in size with the young farmer’s exploitation (which is bigger). Both companies must be in the micro or small enterprise category.

Support for producer groups will be in turn granted only to groups that meet the definition of SMEs. In other words, smaller groups are supported, but without compromising on sustainability (a business plan must be prepared).

The cooperation measure is the one which can be of really good use to the variety of conditions in Romania, given the broad interpretation of the term „cooperation”. Aiming at the economic viability of small farmers, this measure will support the costs of carrying out studies on specific areas of cooperation activities, of animating the areas concerned for collective projects, operating costs or the costs of implementing a business plan.
Conclusions

As previously stated, the results of measure 142 didn’t rise to expectations. The main cause seems to be the distance between Romanian reality and the NRDP policy design (inspired by countries with a developed agriculture). Joining a producer group firstly means entering the formalized economy:

a) the subvention (5% in the first two years) is conditioned by sold production, which therefore must be proven with official documents;

b) production must be sold in proportion of 75% through the group - again provable with documents.

This attempt of formalization has very fragile grounds, as it is well known that a big part of our agriculture is not subject to fiscal regulation. Therefore, joining a group also implies a change in working style (accounting, billing, income taxation, possibly VAT). We must ask ourselves whether the incentives offered through Measure 142 are big enough to determine producers to enter this working system. For example, producers selling only on producer certificates are obviously favored, compared to the ones that decide to register as authorized natural persons, or to those selling through producer groups.

On the other hand, people perceive some definite advantages of joining producer groups:

- increased negotiating power in relation with intermediaries / processors;
- smaller production costs;
- better access to technology;
- increased attractivity on the credit market.

Still, one has to realize that these potential benefits come rather on the medium and long term, while the hardships implied by changes brought about by formalization are immediate (group recognition being the first).

Recommendations

a) For the general agriculture framework

1. An equal treatment in terms of legal and fiscal requirements for all producers. For example, what is the point in maintaining producer certificates? The initial purpose was to assure that only authentic producers had access to the market. Obviously, this policy failed to achieve its goal. Instead, the certificate allows for the proliferation of unfair competition from those eluding the taxed circuit. Eliminating producer certificates might
also solve the problem of intermediaries under-reporting the volume of goods in order to avoid taxation (a second type of unfair competition for the producer groups).

2. Developing a simple, unitary income taxation system on revenues from, irrespective of the legal organization form (authorized natural person, individual enterprises, family associations etc.) and in the same time reducing taxes. This measure could represent an additional incentive for the formalization of agricultural activities.

b) For the Rural Development Program

3. Putting aside a share of measure 123 sums for investments made by producer groups, thus increasing the incentive to enter an association.

4. More efficient and better targeted information campaigns

   According to the 2006 Rural Euro-Barometer, the main information sources on EU financing programs were the TV, followed by radio, written media and the local authorities. We have no reasons to believe things changed too much since. The RDP should put a bigger emphasis on regionally differentiated information campaigns, designed on a comprehensive media mix.

5. Campaigns promoting good practices and success models on accessing measure 142 (e.g. third party management - the necessity to train neutral managers, mentorship programs).

One of the best ways to convince farmers that producer groups can have good results both collectively and individually, is by example: promoting success models. A good practice mentioned by several experts and consultants interviewed while preparing this report is employing a manager from outside the producers’ group, neutral to any particular member’s individual interests. It may seem counter-intuitive, but it has been proven that a third party is in a better position to manage the producer group, as he/she won’t be tempted to prioritize the selling of own production. This would partially solve the chronic apprehension specific to our cultural space to put our resources in common. The training of these managers should be also made through PNDR (eventually measure 111).

6. Encouraging a bigger involvement of local authorities in publicizing the RDP. There are various examples that involvement of local authorities led to a clearly superior accessing rate of these measures.

   During consultations for this study, contrary cases have also been evoked: localities where the mayor channeled all his NRDP information dissemination efforts strictly towards his clique, only to maintain his electoral influence in that locality by perpetuating subsistence and living on social insurance.
UPDATE

Additional conclusions and recommendations expressed by officials, experts, and NRDP beneficiaries during the report launching event:

- the pressing need of cooperation between Ministry of Agriculture and Ministry of Public Finance on fighting against fiscal evasion, especially stemming from illegal imports, out of the scope of VAT;

- tackling the problem of excessive division of land property by finalizing the national cadaster;

- fixing the double profit taxation problem: members of producer groups registered as authorized natural persons pay the tax once – as authorized natural person, and twice- as association/company/cooperative etc.;

- the necessity of simplified legal forms of registering producers groups (right now, the cooperative is the best form, procedures-wise, but also in terms of members’ democratic voting power);

- allocation of funds in the future RDP for community facilitation activities, extremely necessary for establishing sustainable producer groups;

- making it easier for the beneficiaries of measure 141 to meet the economic development criteria laid down in the business plan at the 3 years evaluation by replacing yearly growth quotas with an average rate, thus taking into account also the risk of unfavorable weather conditions;

- consulting banks when establishing criteria for financing through the RDP, which could improve beneficiaries’ perspectives for sustainability on the long run
This report is financed by the Romanian – American Foundation (RAF).

The content of this report does not necessarily represent the official position of the Romanian – American Foundation. The opinions expressed in this report are not necessarily the positions of all CRPE affiliated experts or those of CRPE partner institutions and organizations.

Cover photo credit: Jack Delano via Flickr Creative Commons

© CRPE July 2012
Romanian Center for European Policies (CRPE)
Știrbei Vodă 29, floor 2
Bucharest- 1
office@crpe.ro
Tel +4 0371.083.577
Fax. +4 0372.875.089
For further details about CRPE, please visit our website: www.crpe.ro