

NATIONAL STRATEGIC PROGRAM: INTEGRATOR OF DEVELOPMENT OR FINANCING MECHANISM

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Abstract. *The National Strategic Program is assimilated among farmers with a financing program, through which sums of money are obtained as direct payments or investments, generally with granting conditions, based less on results or impact. This means that the attention on him is only on the requests for amounts, under the conditions that they are directed on 2 levels: one of profit compensation through direct subsidies and another of the patrimonial value, as owned capital.*

The PNS calculation methodology starts from the Output SO Standard, a standardized standard in the commercial value per hectare, regardless of the economic size of the farm, the region, the geographical value as well as the structure of agriculture in Romania.

It is important to approach the PNS not only as a capital input but as a solution to support an entire agricultural economy, to which capital offers the power to support the value of the farmer until the market. The market means knowledge. Knowledge means value, product value, price, consumer behavior, evolution of the conditions in which food adapts to resources. Romania must use, from the position of a strategic program, this instrument as a mechanism for safety and food security at the population level, a mechanism that sustainably offers the partnership with the farmer through the integrated chain and added value food to the final consumer.

Keywords: *financing, integrator, mechanism, development, strategy, program*

INTRODUCTION

A program that is called strategic develops first of all questions. Premises and objectives. Thoughts are presented as questions that arise in our minds, others are challenging meanings and meanings that make us look for answers, to which we may not have had questions yet. Some are taken from the world of agriculture, from debates, from the public and professional space, placed next to each other without prioritizing them, because along the way we will see that the polarization of Romanian agriculture can permanently give rise to lists - different needs and contexts that influence their completion.

In an agriculture generated by chaos and resource imbalances, I took on the questions in the same way, just to create their real premise:

- Is agriculture well structured in such a way that the need for public aid sources covers as much of the market as possible?
- Do the sums of money go to the consumer market? Product – raw material? Processing - added value? Who is the real or final beneficiary of this financing mechanism.
- In the mix of projects, what do we emphasize in financial aid? On the patrimony - capital ratio? On production / quantity / raw material / area? On the business/product value ratio - Turnover? On the ability to support the markets with quality products calibrated on the ratio of products / local market / retail / export. Where is the consumer in this financing equation, given that he is a contributor to the budget from which the funds are allocated to agriculture.
- Are the professional/sectoral associations in agriculture sufficient and representative?
- What do we learn from the lessons of the past regarding financing mechanisms?

- Is the resulting economic impact more profitable than the non-reimbursable aid?
- Does the state, as the manager of the program, have the capacity and the interest to provide, through financing, the operating packages of the mechanism by which the performance can be quantified?
 - What do we actually mean by economic performance at the level of the program and how do we distinguish it by impact levels: beneficiary/producer, capitalization network/product chain/processor, final consumer/purchasing power/quality.
 - What do we mean by the economic/social/educational/fiscal system that is in a permanent partnership with the agricultural sector?
 - Is the program validated by budget impact and results?
 - Is the financing understood in accordance with the responsibility towards society? Does the beneficiary pass this product only through his personal and community, budgetary perspective?
 - Is the role of financing sufficiently well explained or made responsible from the perspective of revenue generation to further support new financing policies through the results of the project or new financing measures specific to Romania?
 - What are the lessons learned? Is aid only a European right? How much do we understand the responsibility of using it beyond the interest of our own business? Do we know who pays in the end? Are we aware of the symbiotic soil-seed relationship, respect for work, which is identical to the financing mechanism?
 - What is our REAL offer, not the procedural one, sometimes stripped of responsibilities that generate financial resources?
 - Is the substantiation note of the important and real investment from the perspective of the direct contribution of the project or only from the strict perspective of the project's inclusion in the general objectives.
 - What is the footprint of the project from an economic/fiscal and ecological/environmental point of view, as well as the discharge of costs necessary for environmental measures, generated by a project.

All these questions are only part of those that still do not have a complete answer, they must ensure a coherent image of the chosen model in the typology and selection of projects, given that the assumed policies that give the principles and performance indicators and then the selection criteria are the tools.

We have to understand the essence of things, the philosophy and the overall concept in order to succeed in breaking down the same goal, the same performance vision, to the elementary-economic level.

The economic and managerial decision based on knowledge is always based on several ingredients, not only the financing capital, it can accumulate recipes from standardized definitions only as essences, because in the metabolic functions of the economic creation there are also others, undefined.

Performance defines itself as a superior quality standard, especially through the contribution to it of education and experience, where mechanisms and processes of using validated knowledge involved innovative technologies, with an impact on resources, the environment that requires professional training at the level of the competition in order to gives performance through the product to the market, but also a lot of responsibility over the resource.

It is that moment when the ingredients can be supported by investment through non-reimbursable financial support, support that follows the entire chain of economic, social actors, educational partnerships to maintain the vision of the program.

From the financier's perspective, the entire selection mechanism should start from a simple question: why would I finance this project in exchange for another project? Simply put, this is ultimately how we must understand the difference in value, given the objectives we propose and especially pursue.

Economists with experience in the investment sector, development managers use in this decision-making mechanism a tool called the calculation of the Marginal Rate of Substitution, the rate that shows that the decision is correct if the rate is unitary in choosing a project between the two.

The way of presentation will not contain terms and definitions already validated, applied and recognized by the educational and academic environment, but it can start from the idea of validating them in a different concept of economic manifestation, in the reorientation of a financial policy, but also from the fact that can be found at any stage of analysis in any evaluation mechanism, applying the power of the law of universality of truth, I will use all the "seeds" of my own education, all the professional "ingredients" acquired throughout the job and why not the "product concept" it must feed the economic, educational, sectoral entrepreneurial environment in the hope of an academic value.

Complementary to the entire financial mechanism created from needs and supported by financing policies, I also want to capture the level of education of the consumer, the behavior of the beneficiary of funds from the perspective of direct responsibility for the rational use of public support, of the tendency to waste public funds directly proportional with the financing facilities, intensity type.

All the questions above are not chapters for analysis, but I will try to offer solutions and probably answers from the perspective of my own contribution to them.

Following a coherent thread of the analysis, I consider the current and public information of the sector included in the SWOT analysis of the National Strategic Program and the Needs Analysis and the Intervention Strategy as they emerged from the debates and working groups throughout the year 2022.

Any analysis starts from the information it evaluates.

The SWOT analysis of the PNS 2021-2027, on which the identification of needs is based, is based on common context indicators and additional indicators.

First of all, let's see how Romania looks from the perspective of agricultural holdings: number and areas.

Taking as a reference the APIA data from 2018, regarding the number of farmers by surface category, we see the polarization as follows:

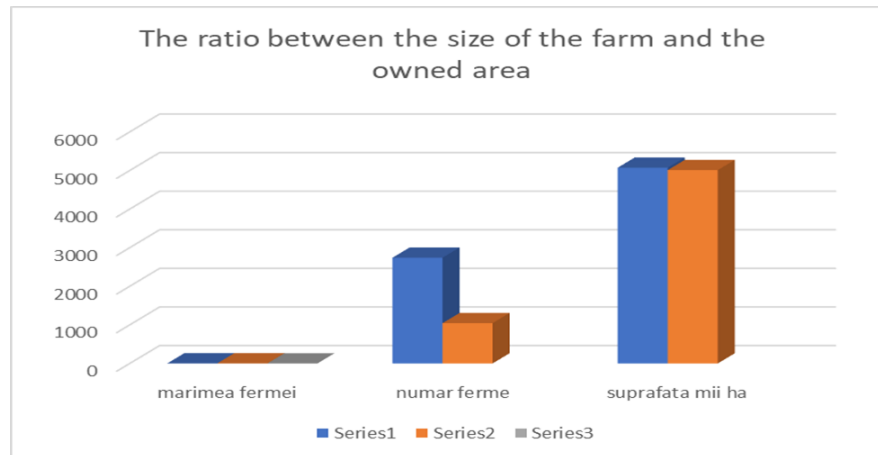
- holdings smaller than 50 ha, in the number of 794,471 (91.4%) representing an area of approximately 3,700,000. ha , that is (39.41%).

- holdings over 500 ha, where a number of 2,470 (0.28%) exploit 2.88 million ha (30.51%).

What is interesting, in the approach of not limiting direct payments, generates the following situation whereby farms holding holdings larger than 1,000 ha (totaling 879 - which means 0.1%) have received direct payments for a cumulative area of 1.77 million ha (18.81%).

The major differences are also expressed by the average size of the holding in the < 5 ha category, which reaches an average surface of 2.34 ha compared to the surface of 2,024.79 ha, related to farms of over 1000 ha, although they exploit more the same agricultural area. There are around 17,221 farms in the 50-300 ha exploited category (50-100 ha and 100-300 ha)

(1.98% share of the total) holding total holdings of 2,040,513 ha (21.57%) having an average holding of 70.93 ha (for the 50-100 ha category) and 168.96 ha (for the holdings in the 100-300 ha category). It must be mentioned very clearly that the middle segment of agriculture in Romania is the one that can support the consolidation of the agricultural sector. In fact, it is constituted as a guarantee for food security and the support of rural social structures.



Agricultural farms between 15,000 - 250,000 SO expressed in commercial value, there are 68,030 registered, they represent 36.6% of commercial agricultural farms of over 8,000 SO expressed in euros. The structure of farms in Romania must be understood from the perspective of the important categories of farms, because this is where the need for investment is formulated, the reduction of technological gaps regarding equipment and productivity improvement.

MATERIAL AND METHODS

Net added value at the level of a farm expressed in :AWU. For sectors of agricultural activity, the added value is above average for grain-oilseed-protein farms (CSOP) and other field crops and granivores. The situation is generated by the structure of holdings. Also, Romania has the farms specialized in field crops with the largest size compared to the other types of farms and especially as they receive the highest value of direct payments.

However, we also have net added value that is recorded in European environments in mixed farms, mixed livestock, mixed vegetable and horticultural farms, compared to the other types of farms.

In terms of definition, SO represents the expression of the standard production on a multi-sectoral agricultural product as the first production and represents the average monetary value reported on a production of agricultural products at the farm gate, expressed in euros per hectare for crops or in euros per head of livestock per sector zootechnical. In this sense, the new PNS must have the SO as the minimum starting point in the financing decision, whereby this standard is a multiplier based on the investment, by creating added value on the product chain. As is well known, the agricultural product practically means the raw material necessary for the food industry, apart from direct consumption, if this is possible. Also, the SO size transformed into raw material cost represents a percentage of up to 11% of the value of a product expressed in shelf price. Any attempt to technologize the primary sector does not

fundamentally solve the real performance of the agricultural holding, but I believe that the need for financing the farm must follow the impact of agriculture and the sustainability of the manifestation processes so that the effects are as low as possible in terms of impact at the level of the requirements of environment, climate change, animal welfare, supplemented with an agricultural technology dedicated to precision instruments, in an evolution towards digitization, green agriculture.

The definition of "young farmer" had several variants, now as a reference we have it presented in Regulation (EU) no. 1305/2013, (1), art 2 and defines a person up to 40 years of age but not 41, the person who provides proof at the time of submitting the investment request according to the financing request, the person who has the necessary skills in relation with the field of activity and, of course, with professional qualifications in relation to the field of interest. The farmer has to settle for the first time in an agricultural farm as the head of the holding.

The forms of support wear approaches of grant-type instruments on the measures dedicated to the type of support, proving their limited capacity in the perspective of the development of the agricultural holding in which the young person takes over the management through the project. Sectoral competition, together with the attempt to cover as large a palette as possible through aid, does not generate concrete solutions regarding an integrated or common market, there are difficulties in trying to accept from these young farmers to capitalize on an integrated market, and the associative forms created by them as founding members is limited to the stage of valorization of the agricultural product obtained, not of a chain or chain of products pursuing the added value, having a vulnerability compared to large-scale agricultural holdings, where performance support is done by maintaining some production costs below the level obtained by young farmers.

Naturally, the foundations and principles of the use of financial instruments start from the definition of the purpose itself as a measurement indicator, to which a performance indicator calculated based on the private contribution of the beneficiary should be attached, on the specifics of some projects pursuing finality in economic performance on criteria which stimulates the use of financing measures as desired to improve agricultural performance.

If the young farmer, as an applicant for support, wants to establish himself through a commercial company, in that case he must have effective control as the owner of the majority package of social shares together with the capacity of sole administrator of the applicant company, being as well as the holder of the professional skills and qualifications in relation to the project.

The family farm: was debated by the PAC, arriving at a more defined formulation of 2 criteria, as a legal form called a Family Business in which membership means exclusively the members of the same family. From the perspective of commercial value, the economic size of the family farm is between 8,000 - 100,000 SO. Family members are assimilated as degrees of kinship starting from the husband/wife and relatives up to the third degree inclusive. Compared to the family farm, a "small farm" means that the agricultural holding has a reduced economic size but also a very limited margin between 8,000 and 11,999 Euro SO, the value of the standard production.

These definitions are useful to delimit and identify the pattern of the beneficiary, diagnosing the manifestation through the perspective of functional metabolism towards managerial capacity. In the manifestation of a subsidy for "agricultural businesses" we can add that the evaluation procedures should focus on technical and economic result indicators, less on compliance and procedure.

In the research and analysis model, I have to start from what I proposed.

The small farm development model is supported only in the formula of an integrated operation mechanism around the farm through the cooperation system.

No matter what the course of definition optimization is, starting from the SO calculation, the small farmer does not have at his disposal a performance framework only through simple purchases of equipment and supplies, in this way to optimize a flow of activities that allow him to establish a calendar of operations, even certain direct costs given by agricultural works from establishment to harvest, and here, slightly debatable, starting from specific works that require high-performance machines.

We can say that, in fact, it is not everything, there is a risk that by financing we facilitate the purchase of unused equipment at the nominal capacity, generating additional costs, maintenance costs, the lower level of equipment equipment completed with a restrictive criterion of use only at the level of the farm, the phenomenon of slow, heavy land consolidation.

Is the financier prepared to analyze the costs of non-operation?

How will you provide the path to performance through a type of project between 40,000 - 70,000 euros?

In the current investment behavior, without any improvement of the concept of commercial value, the allocation will probably follow a purchase of land in a margin of several hectares, 4-5 for the growth of the exploitation and the difference will be used for the basic equipment: tractor and some basic agricultural machinery.

At the farm level, we claim that to a small extent it helps the farmer in the management of some of the agricultural activities, less so in the area of harvesting equipment (in fact, the final phase of valorization) which is carried out by service companies.

Strategically, does this model bring added value for the over 10,000 - 12,000 farmers?

We have the experience of measure 6.1 "Support for the installation of young farmers" between 2015 and 2018, which stimulated the interest of the new generation to take over with the entry of young people into the agricultural sector, by installing 10,229 young farmers nationally, of which 1998 young people in the mountain area.

Almost identically, from the perspective of the need and the direction of the investments, the result is 10,000 tractors supplemented by a few basic machines, producing raw material with a lower profit margin than the subsidy granted by the direct support.

Is this formula successful?

All converge in the same form of producer of raw material obtained at the limit of profitability due to the non-use of the equipment purchased and incomplete from the perspective of the farmer's agricultural activity until commercialization.

The generated project model leads to a potential risk due to the fact that most of these farms are not sustainable in the medium term, but also that they cannot be involved at the level of cooperation towards innovative technologies, they are practically capitalized with poorly performing equipment, moral wear, not adaptable to modern technologies.

The resulting patrimony value is reduced by the value of the performance, the acquisition access goes to relatively cheap equipment with low performance, which also contributes to high costs of non-use, practically constrained to use only for small surfaces, not harmonized with the normal work capacity.

The effects are also on the side of the professional performances generally acquired by young farmers, the labor productivity is low, the work is mainly seasonal or regulated by activities.

As you can see, the chain of a financing policy generated by the chosen criteria does not stop only at the classification by types or categories of investments, expenses, which

competences or which sector the project serves, but should be based on the expected results, the economic construction, not patrimonial, the activity carried out integrating results on the value chain, not just a supplier of raw materials.

RESULTS AND DISCUSSIONS

Why do these challenges still exist?

We start the analysis and diagnosis of the future program from some basic information: SWOT Analysis 2019-2021, the assessment provided by the PNS Needs Analysis involving the ability to support these needs.

PNDR 2014-2020 provides information on the amount of eligible beneficiaries on Pillar II of Investments and development projects, a number that is significantly lower than those registered on Pillar I regarding Direct Payments, which shows that the budget that Romania benefited from in this period supported only 9% of their number, given that the need for subsidies for investments was 10 times more requested than the financing capacity.

Any additional information?

- Romania contributes through the execution of the state budget to the mentioned subsidies with percentages that are between 15-20%, and in the new period of policies they will increase.

- Within the PNS, some ideas are outlined that are subject to analysis, even if they are only at the level of SWOT analysis and are not materialized in a functional structure of financing in measures.

The potential beneficiaries of the measures are basically the integrators of the financing capital instruments. What does this mean? It means that the beneficiary of the subsidy through the financing mechanism, at the level of performance and economic sustainability, must create direct effects at the level of the real beneficiary, the final consumer.

The manifestation of interest in financing acquires forms and behavioral archetypes of the kind by which the real beneficiary must be assumed starting from the financed one.

CONCLUSIONS

The ways in which the financed entity is an integrator are the following:

- of the economic-fiscal process: the resulting product increases the economic performance, adding the related fiscal contribution to the State Budget.

- through sustainable technological capitalization: develop a market upstream of the producers of goods and works and from the internal market, developing economic input units.

- attractive through skills generated by the labor market, these include a demand for qualified labor, developing qualifications partnerships in the educational area both public and private and especially from the surplus of some markets through career reorientation towards the agricultural sector or local business initiatives, favorably impacting the sustainability of public wage policies.

- circular economy catalyst as a generator of products for local markets, quality schemes, short chains.

- the local market of services from those that pursue the specialization of services offered by local developers, even integrated in a standardized entrepreneurial certification system, maintenance, utilities, services dedicated to residual valorization, digitization, post-harvest activities.

From another perspective, it is essential to follow some performance analyzes that start from the economic dimension of the farmer and the added value generated by his products.

If a farmer has an agricultural holding of small economic size, the investment analysis starts from how he has the ability to manage additional expenses generated by the purchase price of inputs that are higher than those of a farmer with a large holding, he will have to let's already consider the advantage of negotiating inputs at the level of associative forms, but also the way of integration through the product chain, the only one that can approach the market with its own product.

It is easy to agree that the life of a farmer with a small holding depends on the power to capitalize on his product at a level of profitability given the price, but the price is given by the way of access to the market along the capitalization chain, especially to the final consumer .

I see some directions of analysis regarding the attraction of cashflow at the farmer's level or what are the market entry options:

- the product chain option: the result can be quantity versus a low but certain price
- varied short chain of valorization directly through the local markets
- the added value option through the integration project and own processing up to quality schemes or traditional products.

The evaluation of each manifestation of a farmer's development shows the ability to adapt to the cost system following the degree of development. The durable and sustainable structure as a result of the PNDR implementation is based on this typology of performance.

The economic behavior does not stop at the decision-making managerial level and a symbiotic, relational one, resource and solution integrator, in which the role of the Authority is that of coordinator of mechanisms in a concept of multi-sector balance of support on levels of the markets where the product is consumed, becomes an indicator of purchasing power, because the state pursues the fulfillment of the objective up to the shelf of the final consumer, the transfer of product quality, purchasing power, safety and independence fed.

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