

## **Agency for Payments and Intervention for Agriculture – Agency which Manages the Funds Destined to Agriculture**

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### **Abstract**

*Agriculture is amongst the domains of great interest both for European and national level because it has to ensure safe and quality products to the population. Therefore, the purpose of this article is of presenting one of the modalities of financing the Romanian agriculture from the European funds, in order to develop it and place quality products on the market. Nationally there is the Agency for Payments and Intervention for Agriculture, which is ancillary to the Ministry of Agriculture and Rural Development and which manages European funds for implementing the proceedings for supporting the farmers from the European Agricultural Guarantee Fund. This agency was founded based on the law no. 1/2004 and finances Romanian agriculture through some proceedings such as single payment scheme on surface, payment scheme for agricultural practices which are beneficial for the environment and climate, payment scheme for young farmers, paired support for vegetal and zoo technical sector, proceedings for agricultural environment and climate, ecological agriculture, payments for areas having natural restraints, payments for animals' wellbeing, investments for developing weald areas.*

**Key words:** agriculture, European Funds, payment agency, financing the agriculture

**J.E.L. classification:** Q14

### **1. Introduction**

Nationally, the agriculture represents one of the domains of great interest because about 45% of the population lives in the rural environment, but also due to the fact that it has to ensure quality product to the population of the country. Romania has great and favourable conditions for practicing the agriculture. (Ioniță, 1999, p.48) but with all these, according to the data provided by Eurostat, our country had in 2005 a total number of 4256,15 thousand agricultural holdings, and following this date a descendent trend was registered reaching 3629,66 thousand holdings in 2013, decreasing with 14,71%. In encouraging the development of agricultural activities in the whole Europe, the European Union came and fixed a set of rules and mechanisms which regulates production, processing and commerce with agricultural products (Common Agricultural Policy). Common Agricultural Policy is one of the most important policies of the Union, both because a great amount of the Union's budget is allotted to this policy and because of the historical importance and sovereign tributes appointed by Member States to the decision community level (European Union – Agriculture, 2002, p.9). Nationally, the European funds for agriculture from the Common Agricultural Policy, are made available to the beneficiaries through the Agency for Payments and Intervention for Agriculture (<http://www.apia.org.ro/ro/despre-apia/prezentare-apia>).

### **2. Theoretical background**

Agriculture is one of the branches of material production which aims cultivating plants and animal growth for obtaining food products an raw materials (<http://www.archeus.ro/lingvistica/CautareDex?query=AGRICULTUR%C4%82>).

The Agency for Payments and Intervention for Agriculture is a public institution subordinated to the Ministry of Agriculture and Rural Development which is responsible for running and managing the funds concerning direct payments and market measures and some of the measures financed from European funds for agriculture and rural development, established through ordinance of Ministry of Agriculture ([www.afir.info](http://www.afir.info)).

European funds are funds which finance national programs, approved by the European Union for a clearly delimited period of time (<http://madr.ro/docs/dezvoltare-rurala/rndr/buletine-tematic/PT23.pdf>).

European Agricultural Guarantee Fund is a fund created by the European Union for developing the agriculture of its Member States, through shared management between the Union and the Member States ([www.finantare-rurala.ro](http://www.finantare-rurala.ro)).

The schemes of direct payment are mechanisms for sustaining the agricultural producer, which are applied in agriculture on clearly delimited periods of time ([www.finantare-rurala.ro](http://www.finantare-rurala.ro)).

The measurements of sustaining the market consists in interventions on agricultural markets under the form of stocking and export refunding ([http://www.eca.europa.eu/Lists/ECADocuments/AR08/AR08\\_RO.PDF](http://www.eca.europa.eu/Lists/ECADocuments/AR08/AR08_RO.PDF)).

### 3. Research methodology

Our research aims the presentation of theoretical aspects referring to financing the Romanian agriculture through the Agency for Payments and Intervention for Agriculture. The followed main aspects aim presenting the Agency for Payments and Intervention for Agriculture, the schemes and proceedings for helping the farmers, made by the Agency and the agency's activity in numbers. As methods and techniques of research, in our research we have used the theoretical research, analysis and synthesis. Theoretical research consisted in studying the specialty literature. We have utilized analysis in presenting the numbers concerning the activity made by the Agency for Payment and Intervention for Agriculture starting with the year of 2007 until now. Synthesis was used in presenting the theoretical aspects, the agriculture domain being a very vast one.

### 4. Presenting the Agency for Payments and Intervention for Agriculture

Agency for Payments and Intervention for Agriculture (APIA), is an agency having the headquarters in Bucharest, and which has 42 county centres and 266 local centres, and starting with the year of 2007, the year of Romania's integration in the European Union, makes payments for supporting the farmers and the market, proceedings financed from the European Agricultural Guarantee Fund (EAGF). Presently to the Agency for Payments and Intervention for Agriculture was delegated by the Agency for Financing Rural Investments (AFRI), a series of proceedings financed from the European Agricultural Fund for Rural Development (EAFRD) which aims ecological agriculture, areas with natural restraints, agri-environment and the climate, improvement of forest areas, animals' wellbeing.

APIA manages not only European funds such as EAGF (100% EU financing), and EAFRD (about 95% EU financing, the rest being a national contribution), but also funds from the National Budget which are granted under the form of state aid.

APIA as a payment agency has to fulfil a series of legal attributions which aims a good management of the funds which were entrusted to it, verifying the payment applications made by farmers and authorizing payments toward them, book keeping for the already made payments.

Farmers' **supporting procedures** and the **direct payment schemes** financed from EAGF and EAFRD made by APIA are presented within table number 1.

Table no. 1. Payment proceedings and schemes made by APIA from European irredeemable funds

Proceedings/schemes financed from EAGF	Proceedings financed from EAFRD and appointed by AFRI
Single payment scheme on surface	Proceeding concerning agri-environment and climate
Redistributive payment scheme	Proceeding concerning ecological agriculture
Greening payment	Payments concerning areas with natural restraints
Payment scheme for young farmers	Proceeding concerning improving forest areas
Paired support for vegetal sector	Payments concerning animals' wellbeing
Paired support for zootechnic sector	Proceeding concerning climate services and forest conservation

Source: (<http://www.apia.org.ro/despre-apia/scheme-de-plata-masuri-de-sprijin-derulate-de-apia>)

## 5. Schemes and Proceedings for Supporting the Farmers made by APIA

**Single payment scheme on surface** - the beneficiaries of this scheme are natural or legal persons who exploit the agricultural surface and who are enrolled in the Farmers' Register and at the expiring date of the payment request fulfil requirements such as [http://www.apia.org.ro/files/pages\\_files/Raport\\_de\\_activitate\\_2010.pdf](http://www.apia.org.ro/files/pages_files/Raport_de_activitate_2010.pdf):

- ✓ The agricultural exploited field is to be of minimum 1 hectare
- ✓ Declaration of all the lands that he/she uses
- ✓ To present data in accordance with reality from within the payment request and to agree with the introduction of data in the agency's database
- ✓ To fulfil the conditions concerning good agricultural and environment conditions
- ✓ To provide APIA with all the required justification papers
- ✓ To respond to APIA's request and to offer the competent bodies the possibility of control
- ✓ Marking the boundaries of agricultural parcels when they abut other parcels with the same crops so that the utilized parcels are to be easily recognized

**Redistributive payment** – proceeding which consists in annual payment destined to farmers who have the right to single payment on surface and it is gradually offered for the first 30 hectares of the agricultural holding no matter its surface. ([http://www.apia.org.ro/files/pages\\_files/Raport\\_anual\\_de\\_activitate\\_APIA\\_2017\\_01.02.2018.pdf](http://www.apia.org.ro/files/pages_files/Raport_anual_de_activitate_APIA_2017_01.02.2018.pdf)).

**Greening payment** – is a proceeding which implies that all the farmers who have the right to single payment on surface, mandatory apply on all eligible hectares the next agricultural practices which are beneficial to climate and environment, according to the population's structure and/or cultures' structure: diversifying the crops, maintaining the existent permanent meadows, the presence of an area of ecological interest on the agricultural area ([http://www.apia.org.ro/files/pages\\_files/Raport\\_anual\\_de\\_activitate\\_APIA\\_2017\\_01.02.2018.pdf](http://www.apia.org.ro/files/pages_files/Raport_anual_de_activitate_APIA_2017_01.02.2018.pdf))

**Payment for young farmers** – suppose annual payments towards young farmers who have the right of single payment on surface and who firstly settle in an agricultural holding having the quality of leaders and respectively who are at most 40 years old at the moment of demand ([http://www.apia.org.ro/files/pages\\_files/Raport\\_anual\\_de\\_activitate\\_APIA\\_2017\\_01.02.2018.pdf](http://www.apia.org.ro/files/pages_files/Raport_anual_de_activitate_APIA_2017_01.02.2018.pdf))

**Scheme for paired support** – supposes payments towards different sectors and productions which encounter difficulties and which are economically, socially and environmentally important.

**Simplifies scheme for small farmers** – consists in payments of maximum 1250 Euros according to the surface and the number of detained eligible animals.

**Agri-environment and climate** – proceeding which aims encouraging of adopting an agricultural practice which is favourable to the rural environment from the point of view of keeping its value, its existent habitat, the natural resources and traditional landscape.

**Ecological agriculture** – consists in encouraging the farmers to pass from the traditional agriculture to an ecological one

**Payments for areas which encounter natural restraints or other specific restraints** – are payments made for compensating the losses as a result the land's low productivity and the increasing of costs of the activity developed in these areas.

**Animals' wellbeing** – this proceeding consists in payments effected for environment's amelioration and of rural space for keeping the animals' wellbeing at high standards. Payments made through this proceeding, concern the pig sector and the poultry sector.

## 6. Numbers Concerning the Activity Made by APIA

Community financial allocation managed by APIA for the programming period 2007- 2014 was of 7793,91 million Euro from EAGF representing direct payments and of 3160,04 million Euros from EAFRD representing proceedings delegated on rural development on surface, while the absorption degree of European funds managed by APIA for the period 2007- 2014 was of 98,33% from EAGF respectively 96,14% from EAFRD. ([http://www.apia.org.ro/files/pages\\_files/Raport\\_activitate\\_APIA\\_2015\\_PT\\_SITE.pdf](http://www.apia.org.ro/files/pages_files/Raport_activitate_APIA_2015_PT_SITE.pdf)).

Activity developed by APIA in the period 2007 – 2015 supposed spending some significant funds for direct payments as a result of the requirements made by farmers, situation which will be presented in table 2.

Table no.2. The evolution of funds spent on direct payments and of the applications submitted by farmers in the period 2007 - 2015

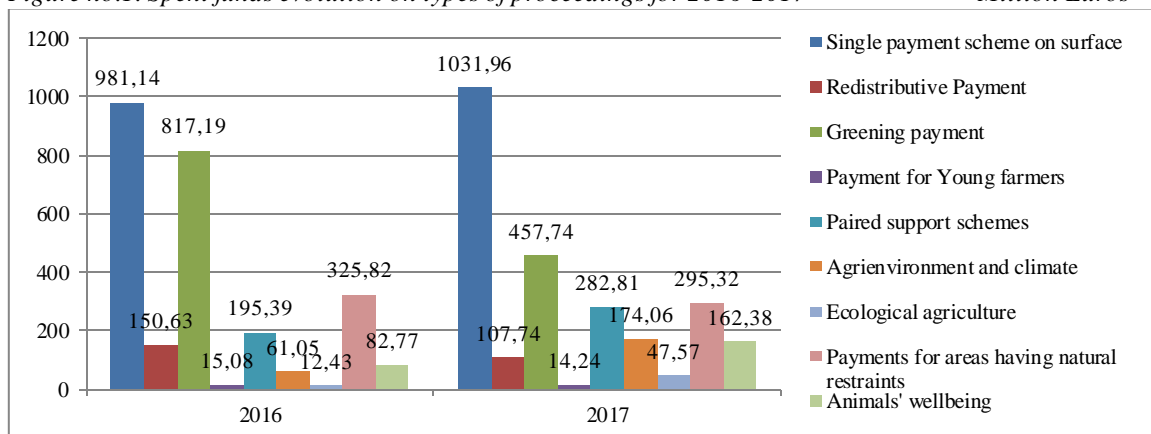
Campaign	Spent funds -Euros-	Increase rate as opposed to the previous year (%)	Number of farmers who have submitted applications
2007	749.126.908	-	1.241.934
2008	1.057.324.142	41,14	1.130.404
2009	1.182.866.854	11,87	1.122.046
2010	1.404.305.740	18,72	1.093.167
2011	1.523.890.364	8,51	1.088.809
2012	1.716.175.762	12,61	1.079.899
2013	1.808.696.364	5,39	1.048.728
2014	1.911.776.088	5,69	1.027.874
2015	2.088.057.161	9,22	944.076

Source: [http://www.apia.org.ro/files/pages\\_files/Indicatori\\_statistici.pdf](http://www.apia.org.ro/files/pages_files/Indicatori_statistici.pdf)

Analyzing the data from the table we can infer that the spent funds have registered a positive trend on all the reference period, the biggest increase level of 41,14% being registered in 2008. We can also infer that the year of 2015 was the year in which the expenses first surpassed the amount of 2 billion Euros. Referring to the number of farmers who have submitted requests we can infer that this is in a continuous decrease due to the amalgamation of agricultural areas.

APIA activity afferent to the period 2016-2017 supposed payments from EAGF and EAFRD for implementing the undertaken proceedings, according to figure no. 1

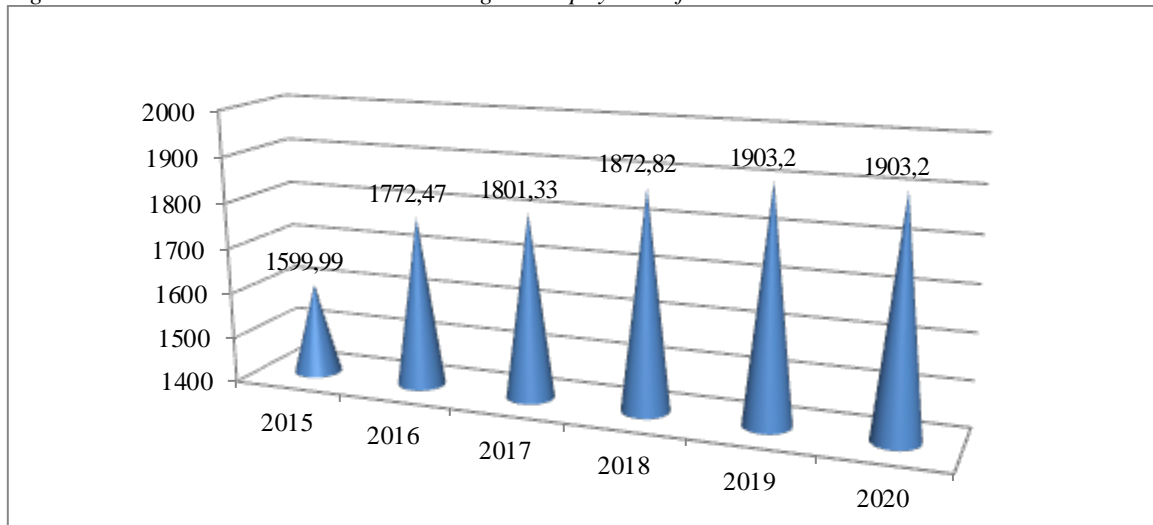
Figure no.1. Spent funds evolution on types of proceedings for 2016-2017 -Million Euros-



Source: ([http://www.apia.org.ro/files/pages\\_files/Scan\\_Raport\\_de\\_activitate\\_APIA\\_2016.pdf](http://www.apia.org.ro/files/pages_files/Scan_Raport_de_activitate_APIA_2016.pdf), [http://www.apia.org.ro/files/pages\\_files/Raport\\_anual\\_de\\_activitate\\_APIA\\_2017\\_01.02.2018.pdf](http://www.apia.org.ro/files/pages_files/Raport_anual_de_activitate_APIA_2017_01.02.2018.pdf))

Financial allotments from EAGF for the proceedings afferent to direct payments managed by APIA in 2015-2020 sum 10.853,01 million Euros according to figure 2

Figure no.2. Financial allotment concerning direct payments for 2015-2020



Source: [http://www.apia.org.ro/files/pages\\_files/Raport\\_activitate\\_APIA\\_2015\\_PT\\_SITE.pdf](http://www.apia.org.ro/files/pages_files/Raport_activitate_APIA_2015_PT_SITE.pdf)

We can see that the financial allotment has an increasing trend on all the reference period, from the value of 1599,99 million Euros in 2015 till the value of 1903,20 million Euros in 2020.

## 7. Conclusions

European Union finances the agricultural of the Member States, in strict accordance to the stipulations of Common Agricultural Policies, through European Agricultural Guarantee Fund and through the European Agricultural Fund for Rural Development. In Romania these are made available for the beneficiaries through two agencies which are under subordination of the Ministry Of Agriculture and Rural Development. The Agency for Payments and Intervention for Agriculture was consisted based on law 1/2004 and finances the Romanian agriculture through some proceedings which aim payments on surface, payment for young farmers, paired support for vegetal and zoo technical sectors, ecological agriculture, animals' well being etc. Community financial allotment managed by APIA for the programming period 2007-2014 was of 7793,91 million Euros from EAGF representing direct payments and of 3160,04 million Euros from EAFRD representing proceeding delegated on rural development on surface, while the absorption degree of the European funds managed by APIA in the period 2007-2014 was of 98,33% from EAGF, respectively 96,14% from EAFDR. For the period 2015-2020 the financial allotments from EAGF for the proceedings afferent to direct payments managed by APIA sum a total of 10.853,01 million Euros.

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