

## Chapter 17

# A Comparative Analysis of the LAG Tara Oasului and Tara Oltului as Romanian Management Strategies

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### ABSTRACT

*This chapter attempts to contribute to a better understanding of the operation of the local action groups in Romania, having in view that little has been written about this so far and that it represents a new strategy of local management in the rural environment. Romania also urgently needs to elaborate and implement a national agenda for change, which should respect and overtake the regulations and the criteria of the LEADER program. The Local Action Groups (LAGs) represent a strong driving engine of progress in the rural areas, and the involvement of all factors that are part of LAG is essential for a good development. This study analyses the factors that could contribute to a harmonious development and comes with recommendations for other LAGs wishing to access the available funds through the LEADER program, starting from the case studies of LAG Tara Oltului and LAG Tara Oasului.*

### INTRODUCTION

Romania is the last EU Member State of the EU that introduced the concept of local action groups in the rural environment, as part of the LEADER program, in the year 2009 respectively, while, in the European Union the first local action groups emerged in the year 1991. At present, in Romania there are 163 accredited LAGs, while at the European Union level there are 2,451 (European

Network for Rural Development, 2014). Romania is situated on the 6th place in EU as regards the LAGs number (Annex 1), but on 12th place as regards the propensity of the European states to the association into LAGs, calculated as ratio of the LAGs number to the number of inhabitants (Annex 2).

From the analysis of the last indicators available at the level of the European States, we found strongly positive correlations between the LAGs

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number and the agricultural area (+0.84) as well as the LAGs number and population (+0.78), as well as the absence of any correlation between the LAGs number and the GDP/capita (-0.1.) (Annex 1).

The Local Action Group (LAG) is a form of public-private partnership, more exactly, an agreement between the representatives of the public sector (town halls, county councils, etc), private sector (economic operators, cooperatives, service suppliers, credit institutions, etc.) and of the civil society (associations, foundations, religious institutions, physical entities, etc.). Thus, a partnership has been created between the private, public and civil sector and a better representativeness of interests is ensured. According to the National Plan for Rural Development, the territory covered by LAGs in Romania in the year 2012 was around 14,398 km<sup>2</sup>, area, which comprises 1,805 communes and 79 towns, representing 63% of the eligible territory for the implementation of the LEADER program.

This chapter highlights LAGs importance for the development of the rural environment and the value added that these bring to the rural space emancipation. The LEADER program represents an action modality at rural level permitting the local partners to choose a package of measures adjusted to the priorities identified on their territory and transpose them into development strategies. Their goal is to put into value the local, genuine potential of the territory. The case studies we focused on are the LAG Tara Oasului and LAG Tara Oltului in Romania. Both are characterized by the presence of isolated less-favored areas. Through the LEADER program, we found human and material resources for the increase of the GDP level/inhabitant. The two LAGs are located in different zones of the country, mainly mountainous and hilly areas, with agriculture as main economic activity and the local efforts are intensified for putting into value the agricultural potential. The analysis addresses the problems identified at the

level of the targeted local action groups and a series of recommendations are proposed based on good practice examples in the European Union.

The capacity for rural development of Romania is still insufficiently put into value. The rural area represents 92% of Romania's territory, and two-thirds of it consists of agricultural land (The Presidential Commission for Public Policies in Agriculture Development, 2014). Although the arable area totals 13.7 million ha, Romania is placed on 6th position in the EU. The land area is highly fragmented. The average farm size is placing Romania on 3rd position, among the smallest in the EU, after Malta and Cyprus. Romania's production is almost 10 times smaller than the EU average.

The year 2013 is a turning point for the Romanian agriculture. For the first time in the last 20 years, Romania had a surplus of 324 de million euro in the trade with agri-food products, as opposed to the same period of the year 2012, when it had a deficit of 745.5 million euro (Ministry of Agriculture and Rural Development, 2014). This increase is not due to any new technology applied, or to any special endowments, but it is rather due to extremely favourable weather conditions. The main partner in the agricultural trade of Romania in the year 2013 was the European Union, in the conditions in which Italy is the main country where most of the agri-food products were exported.

The problem is that Romania does not have a developed processing industry, and that is why around 70% of exports consist of unprocessed or primary production. Romania is exporting finished products only in proportion of 32% compared to Poland, where the exported finished products represent 82%. The endowment of a Romanian farmer, comparatively to the endowment of a farmer in the EU, is around 25-26 times smaller, as regards the tangible assets, mainly equipment. This results from the land fragmentation at national level. If we speak about the irrigation system, out of the 3 million hectares settled equipped with

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