

*The on-going evaluation
of NRDP 2014-2020
during 2017-2020*

Evaluation Study V –
Small farms and the
development of
associative forms

ACZ Consulting SRL & t33 SRL



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

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Provider	SC ACZ Consulting SRL Ștefan Velovan Street, no. 23A Craiova, Dolj County, Romania Tel/fax: 0351 44 20 44 e-mail: office@aczconsulting.ro	T33 SRL via Calatafimi, no. 1 Ancona, Italy Tel +39 071 9715460 E-mail: info@t33.it
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Evaluation team:

Andrea GRAMILLANO

Key expert I – Team leader - Evaluation of public interventions specialist

Francesco Felici

Key expert II – Rural development specialist

Daniela VIORICĂ

Key expert III – Statistics/econometry specialist

Marzia LEGNINI

Key expert IV – LEADER evaluation specialist

François LEVARLET

Key expert V – Environmental specialist

Non-key experts:

Andrea FLORIA

Cristina COJOACĂ

Corina FOLESCU

Gaia GALASSI

Nicola BRIGNANI

Pietro CELOTTI

Vittoria GNETTI

Rebeca NISTOR

Project director

Tiberiu NIȚU

Project assistant

Roxana PĂDURARU

Project assistant





EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Table of contents

TABLE OF CONTENTS	3
LIST OF ACRONYMS	5
EXECUTIVE SUMMARY	6
PURPOSE OF THE STUDY	6
CONTEXT OF THE STUDY	7
METHODOLOGICAL APPROACH	8
CONCLUSIONS AND RECOMMENDATIONS	9
1. INTRODUCTION	16
1.1. PURPOSE OF THE EVALUATION STUDY	16
1.2. DESCRIPTION OF THE TERMS OF REFERENCES.....	16
1.3. THEMES, QUESTIONS, AND EVALUATION CRITERIA	17
1.4. CONTEXT OF THE EVALUATION STUDY AND RELEVANT PREVIOUS STUDIES	18
1.5. STRUCTURE OF THE EVALUATION STUDY	22
2. METHODOLOGY	24
2.1. STAGES OF THE EVALUATION PROCESS.....	24
2.2. QUESTIONS AND EVALUATION CRITERIA.....	24
2.3. THE METHODOLOGICAL APPROACH ADOPTED FOR EACH EVALUATION QUESTION	26
2.4. METHODOLOGICAL LIMITATIONS AND CHALLENGES	31
3. ANALYSIS OF INDICATORS AND EVIDENCES COLLECTED DURING THE EVALUATION ACTIVITIES	32
3.1. ANALYSIS OF THE IMPLEMENTATION OF RELEVANT SUB-MEASURES	33
3.1.1 SM 4.1, 4.1a, 4.1 ITI	33
3.1.2 SM 6.3, 6.3 ITI	38
3.1.3 SM 9.1, 9.1a	44
3.1.4 SM 16.4, 16.4a	47
3.2. ANALYSIS FOR THE MAIN EVALUATION THEMES.....	49
3.2.1 Improving overall performance of the small agricultural holdings - EQ 1	49
3.2.2 Increasing market orientation, job opportunities and incomes of small farms - EQ 2.....	54
3.2.3 Association of small producers and transformation of small farms - EQ 3.....	58
3.2.4 The structure of the associative forms - EQ 4.....	60
3.2.5 Integrating small producers into the agri-food chain and strengthening bargaining power - EQ 5... 62	
3.2.6 Increasing access to credit and introducing innovative ideas among small producers - EQ 6.....	64
4. ANSWER TO EVALUATION QUESTIONS	69



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

4.1 EQ 1: TO WHAT EXTENT HAS THE SUPPORT PROVIDED BY THE NRDP CONTRIBUTED TO IMPROVING THE OVERALL PERFORMANCE OF SMALL FARMS?	69
4.2 EQ 2 – TO WHAT EXTENT HAS THE SUPPORT PROVIDED BY THE NRDP CONTRIBUTED TO INCREASING THE MARKET ORIENTATION, JOB OPPORTUNITIES AND INCOMES OF SMALL FARMS?	71
4.3 EQ 3 – TO WHAT EXTENT HAS THE SUPPORT PROVIDED BY THE NRDP ENCOURAGED THE ASSOCIATION OF SMALL PRODUCERS AND FACILITATED THE TRANSFORMATION OF SMALL FARMS FROM SUBSISTENCE FARMS INTO COMMERCIAL FARMS?	72
4.4 EQ 4 – WHAT IS THE STRUCTURE OF ASSOCIATIVE FORMS IN TERMS OF THE ECONOMIC DIMENSION OF AGRICULTURAL HOLDINGS (FARMS) THAT ARE MEMBERS OF ASSOCIATIVE FORMS?	73
4.5 EQ – TO WHAT EXTENT HAS THE SUPPORT FROM THE NRDP CONTRIBUTED TO THE INTEGRATION OF SMALL PRODUCERS IN THE AGRI-FOOD CHAIN AND TO THE STRENGTHENING OF THEIR BARGAINING POWER?	75
4.6 EQ 6 – TO WHAT EXTENT HAS THE SUPPORT FROM THE NRDP CONTRIBUTED TO INCREASING ACCESS TO CREDIT AND INTRODUCING INNOVATIVE IDEAS AMONG SMALL PRODUCERS?	77
5.1. CONCLUSIONS AND RECOMMENDATIONS FOR EQ 1	79
5.2. CONCLUSIONS AND RECOMMENDATIONS FOR EQ 2	80
5.3. CONCLUSIONS AND RECOMMENDATIONS FOR EQ 3	82
5.4. CONCLUSIONS AND RECOMMENDATIONS FOR EQ 4	83
5.5. CONCLUSIONS AND RECOMMENDATIONS FOR EQ 5	84
5.6. CONCLUSIONS AND RECOMMENDATIONS FOR EQ 6	84
ANNEXES	87
V.1 TEMPLATE FOR THE SEMI-STRUCTURED INTERVIEW WITH MANAGING AUTHORITY OFFICIALS	87
V.2 TEMPLATE FOR THE SEMI-STRUCTURED INTERVIEW WITH THE FINANCIAL INTERMEDIARIES	91
V.3 QUESTIONNAIRE APPLIED AMONG THE BENEFICIARIES WITH PROJECTS FINANCED UNDER THE SM 4.1 INVESTMENTS AND AGRICULTURAL HOLDINGS AND 4.1A INVESTMENTS IN FRUIT FARMS	93
V.4 QUESTIONNAIRE APPLIED AMONG THE BENEFICIARIES IN THE COOPERATIVE CATEGORY, WITH PROJECTS FINANCED UNDER SM 4.1 INVESTMENTS IN AGRICULTURAL HOLDINGS AND 4.1A INVESTMENTS IN FRUIT FARMS	96
V.5 QUESTIONNAIRE APPLIED AMONG THE BENEFICIARIES WITH PROJECTS FINANCED UNDER SM 6.3 – SUPPORT FOR THE DEVELOPMENT OF SMALL FARMS.....	98
V.6 QUESTIONNAIRE APPLIED AT THE LEVEL OF BENEFICIARIES WITH PROJECTS FINANCED UNDER SM 9.1 ESTABLISHMENT OF PRODUCER GROUPS IN THE AGRICULTURAL SECTOR, 9.1A ESTABLISHMENT OF PRODUCER GROUPS IN THE FRUIT SECTOR.....	101
V.7 QUESTIONNAIRE APPLIED AMONG BENEFICIARIES WITH PROJECTS FINANCED UNDER SM 16.4 AND 16.4A SUPPORT FOR HORIZONTAL AND VERTICAL COOPERATION BETWEEN ACTORS IN THE SUPPLY CHAIN IN THE AGRICULTURAL AND FRUIT SECTORS...	103
V.8 LAYOUT OF SEMI-STRUCTURED INTERVIEWS WITH OTHER RELEVANT KEY ACTORS (TWO INTERVIEWS)	106
V.9 SAMPLING STRATEGY OF THE BENEFICIARIES INVOLVED IN THE SURVEY.....	108
V.10 CASE STUDIES	110
V.11 BIBLIOGRAPHY	116

**EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**

List of acronyms

Acronym	Full name
AKIS	Agricultural Knowledge and Innovative Systems
AFRI	Agency for Financing Rural Investments
AIR	Annual Implementation Report
APIA	Agency for Payments and Intervention in Agriculture
CAP	Common Agricultural Policy
EAFRD	European Agricultural Fund for Rural Development
EERP	European Economic Recovery Plan
EC	European Commission
EGF	European Guarantee Fund
ESIF	European Structural and Investment Funds
ENRD	European Network for Rural Development
EU	European Union
EQ	Evaluation Question
GDP	Gross Domestic Product
ITI IDD	Integrated Territorial Investment Mechanism Area consisting of 38 TAUs from the Danube Delta, established in the Intercommunity Development Association, where the ITI mechanism is implemented
IMF	International Monetary Fund
LEADER	Links between Actions for the Development of Rural Economy
LDS	Local Development Strategy
LLC	Limited Liability Company
MA	Management Authority
MA NRDP	Management Authority of the National Rural Development Programme
MARD	Ministry of Agriculture and Rural Development
MC	Monitoring Committee
NGO	Non-governmental organization
NRDP	National Rural Development Programme
RCFRI	Regional Center for Financing Rural Investments
RDP	Regional Development Programme
SGM	Standard Gross Margin
SOC	Strategic Orientations of the Community
SME	Small and Medium Enterprises
SO	Standard Output
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance
TAU	Territorial Administrative Unit
UAA	Utilized Agricultural Area

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Executive summary

Purpose of the study

Evaluation study V „Small farms and the development of associative forms” aims to assesses the measures and actions financed under National Rural Development Programme (NRDP) 2014-2020, which promote the development of small farms and associative forms. In this sense, the emphasis is placed on the contribution that PNDR makes to the development of rural area through the following sub-measures:

- sM 6.3 and 6.3 ITI - investments for the development of small farms in the country, but also in the Danube Delta ITI area;
- sM 4.1, 4.1 ITI, 4.1a and 4.1aITI - investments in agricultural and fruit holdings in the country, but also at the level of the Danube Delta ITI area;
- sM 9.1 and 9.1a - support provided for the establishment of producer groups in the agricultural and fruit sectors;
- sM 16.4, 16.4a - support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit sectors.

At the end of 2019, a financial value of around 5 billion euro has been contracted, out of which 4.59 billion euro of new resources (current programming period) and 424.7 million euro corresponding to transition projects (previous programming period). According to the analysis conducted on the data coming from the monitoring system, the programme has directly invested:

- for the **development of small farms** in over 27,000 contracted projects, for a financial contracted value of public resources beyond 245 million euro, through sub-measures 4.1, 4.1 ITI, 4.1a, 6.3 and 6.3 ITI;
- for **associative forms** in 177 projects, for a financial value of almost 103 million euro, through sub-measures 4.1, 9.1, 16.4 and 16.4a.

•Sub-measure 4.1

16 contracted new projects, with a financial public value of 3.9 million euro

•Sub-measure 4.1 ITI

1 contracted new project, with a financial public value of 141.07 thousand euro

•Sub-measure 4.1a

91 contracted new projects, with a financial public value of 26.1 million euro

•Sub-measure 6.3

*11.639 contracted new projects, with a financial public value of 174.5 million euro
15.477 contracted transition projects, with a financial public value of 38.1 million euro*

•Sub-measure 6.3 ITI

187 contracted new projects, in the ITI area, with a financial public value of 2.8 million

Small farms
development

•Sub-measure 4.1

63 contracted new projects (62 cooperatives and 1 producer group), with a financial public value of 88.4 million

•Sub-measure 9.1

10 contracted new projects, with a financial public value of 3.7 million euro

33 contracted transition projects, with a financial public value of 4.2 million euro

•Sub-measure 16.4

50 contracted new projects, with a financial public value of 4.6 million euro

•Sub-measure 16.4a

21 contracted new projects, with a financial public value of about 1.98 million euro

Associative forms

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

The evaluation has studied the programme contribution to small farm development and associative forms by covering the following six evaluation themes:



1 – Improving the overall performance of small – sized agricultural holdings



2 - Increasing market orientation, job opportunities and incomes of small-sized agricultural holdings



3 - Association of small producers and transformation of small farms



4 - The structure of associative forms



5 - Integrating small producers into the agri-food chain and strengthening the bargaining power



6 - Increasing access to credit and introducing innovative ideas

Context of the study

The evaluation study is fully immersed in the Romanian context of rural development, by taking into account the impact of the SARS COV 2 pandemic, in the first half of 2020. In view of the global economic outlook, as the International Monetary Fund (IMF) highlights the negative effects on human resources costs. Lack of human resources and changing consumption patterns will put pressure on the European Union's agri-food sector and especially on small farms. Thus, by the end of 2020, it is estimated to have a -6.6% reduction in the real gross domestic product (GDP), at European level, respectively by 5% in Romania.

This force majeure situation emerged at national context only after data collection tools were designed and after the start of the first data collection activities. Therefore, many of the recommendations mentioned in the study were adapted to the new national situation.

The analyzes within the evaluation study were developed starting from the terminological delimitation of the concepts of “small farm” and “associative forms”, according to the definitions used within NRDP. Specifically, the programme defines the small farm according to the economic dimension,



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

between 4,000 - 11,999 SO¹ (standard output value) and promotes various forms of cooperation and associative forms at the level of several measures. In addition to the terminological approach, in relation to the concept of small farm within the NRDP, which was the reference point for the study, the evaluators have also explored the definitions used in specialized literature on this topic.

The analysis of Eurostat data shows a majority share (66.8%) of micro-farms (standard production less than 2,000 SO) out of the total existing farms at national level, in 2016, while small farms, as defined for the purposes of this study, represent approximately 8% of the total. However, it is important to note that almost a third of EU farms are located in Romania, but their contribution to the European standard production is only 3.6%.

Analyzed from the perspective of current economic conditions in the agricultural sector, dominated by global markets, as well as from the perspective of farm specialization, growing economies of scale and lack of connectivity between rural communities and agricultural businesses, small farms may seem inefficient and irrelevant to modern agriculture. However, the importance of small farms for rural sustainability in Europe has been demonstrated in numerous studies (Shucksmith and Rønningen, 2011; Grubbström and Sooväli-Sepping, 2012; McDonagh et al., 2017), including through their continued role as food suppliers for households in many regions (HLPE, 2013; Tudor, 2015). Small farms also support high levels of biodiversity (meaning both agro biodiversity and macro biodiversity) and promote ecological resilience due to their inherent heterogeneity and diversity (Marini et al., 2009; Babai et al., 2015; Konvicka et al., 2016). In addition, they directly contribute to landscape conservation (Bezák et al., 2007), playing, for example, a key role in preventing fire and soil erosion by maintaining grasslands and pastures in mountain areas (Tasser et al., 2003; Höchtl et al., 2005).

Methodological approach

The methodological approach adopted during the research activities has used a combination of tools and techniques consisting of literature review, collection and analysis of administrative data, questionnaire survey and case studies applied to beneficiaries and interviews with relevant key actors.

As a result, the evaluation team has assessed the implementation of relevant NRDP sub-measures at the end of 2019, through the analysis of monitoring system data and the interviews with the Managing Authority, the Agency for Financing Rural Investments and two financial intermediaries (Libra Internet Bank and ProCredit Bank).

Moreover, the evaluators have conducted case studies with projects financed under sM 4.1, sM 9.1 and sM 16.4 and delivered a dedicated survey for all the sub-measures (sM 4.1, sM 4.1a, sM 9.1, sM

¹ The standard production (SO) of an agricultural product (vegetable or livestock sector) is the average monetary value of agricultural production, in euros, per hectare or per head of animal. SO differs from standard gross margin (SGM): SGM = Production + Direct Payments - Costs; while SO = Production. The unit used for measuring SO is Euro and not ESU (1,200 Euro), as in the SGM classification. The SO does not take into account entry costs and therefore cannot indicate profitability and is not adjusted for differences in purchasing power between countries, but provides information for all EU Member States, according to a commonly agreed methodology. In the EU-28, the average standard output per farm was € 34,784 in 2016 (Eurostat). Emergency Ordinance no. 3/2015 of March 18, 2015 approves the payment schemes that are applied in agriculture in the period 2015-2020 a) the single area payment scheme; b) redistributive payment; c) payment for agricultural practices beneficial for climate and environment; d) payment for young farmers; e) coupled support scheme; f) simplified scheme for small farmers.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

16.4, sM 16.4a) for which there were contracted projects at the end of 2019. The number of responses provided by beneficiaries exceeds the estimated target proposed through the methodology.

In the case of sM 6.3, data collection ensured a representative sample of projects taking into consideration the fact that standard deviation for surveys has to be less than 5%, at a confidence level of 90%. For the other sub-measures, which have a more limited number of contracted projects, data collection was also effective. As a result, 42 answers were collected from beneficiaries with small farms - supported under sM 4.1 and sM 4.1a and 12 answers from beneficiaries with cooperatives supported under sM 4.1. In the case of operational groups, 8 such groups were consulted, which made it possible to cover 7 of the 8 projects funded during 2014-2020. Last but not least, 21 responses were collected from the beneficiaries of sM 16.4 and sM 16.4a, covering approximately 30% of the contracted projects. Further details are provided in Annex V.10.

Literature review has been used at the end of the evaluation process in order to ensure an external comparative assessment of the evaluation results, as well as of the conclusions highlighted by the interviews with the MA, AFRI and financial intermediaries. In a similar way, questionnaire based surveys, applied at the level of NRDP beneficiaries, represent an instrument for data collection, but also for confirmation/validation/ modification of the evaluation preliminary findings.

Conclusions and recommendations



1 – Improving the overall performance of small – sized agricultural holdings

Conclusions - NRDP has **positively and successfully contributed to the general performance of Romanian small farms.**

- Programme support of sM 4.1 and sM 6.3 has **increased sales and ensured a better access to market.** Nonetheless, the analysis carried out under the current evaluation shows that it is premature to identify considerable effects in terms of production obtained by projects supported by sM 4.1 projects and tangible effects of projects supported by sM 4.1a. These effects represent mostly estimates than actual results, especially in the fruit sector. It is true that, in the latter case, the beneficiaries need a longer period of time to obtain and sell the products, given the time needed for the plantation to reach maturity.
- Programme measures have contributed to **reducing land abandonment**, notably in mountain and marginal areas by creating **new opportunities** in agriculture, in particular thanks to sM 6.3 support. In particular, for 58% of small farms, supported by sM 6.3, located in mountain areas, support was essential to maintain their activity. In addition, the analysis indicates that more than 2/3 of the beneficiaries of SM 6.3 would have sought for a job in another field of activity, if they had not accessed the support provided by the programme. Therefore, it was concluded that sM 6.3 has made a concrete contribution to reducing the abandonment of land and to increasing the attractiveness of rural areas. Similarly, 80% of the beneficiaries of sM 4.1 surveyed stated that the investments supported by NRDP have contributed to reducing land abandonment.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Overall, NRDP interventions have stimulated the **acquisition of new skills and capacity** in terms of cultivation practices and innovative approaches. The analysis reveals that young farmers (under the age of 40), with a higher level of education, are more keen towards changing the agricultural practices at farm level, through innovation and accessing of new market opportunities. However, it is also worth mentioning that, according to the European Commission's study, published in 2018, "Agricultural Knowledge and Innovative Systems - Stimulating creativity and learning", the Romanian agricultural knowledge and innovation systems (AKIS) are fragmented and poorly developed.

Recommendations – In order to ensure the sustainability of the positive NRDP effects, as also highlighted by the SALSA Horizon 2020 project, it is necessary that investments related to the post-2020 CAP period be oriented towards: better infrastructure and connectivity, especially in marginal areas, marketing of local production, adequate infrastructure (eg water infrastructure) to combat drought and climate change and to avoid marginal areas having a higher risk of land abandonment. Thus, we recommend for the future programming period an approach similar to that of the 2014-2020 programming period.

Regarding the strengthening of the AKIS approach, the evaluators suggest to analyze the effectiveness of the initiatives recently introduced in Romania² and other EU countries, in order to combat the SARS COV 2 pandemic, as well as to consider, for the next programming period, the support and development of formal partnerships and knowledge-sharing networks, such as online platforms for local producers, small farms development forums, ad-hoc events / meetings to disseminate ideas and good practices resulting from experiences in thematic networks developed within Horizon 2020 and DG Growth. In particular, knowledge-sharing infrastructure is expected to contribute to increasing the capacity of (small) farmers to adapt to new development requirements and challenges.

Based on what has been achieved so far in Romania and other European countries, in order to deal with the current crisis caused by the COVID 19 pandemic, it is important that the Ministry of Agriculture and Rural Development **assess the effectiveness of existing online platforms** to promote local producers and small farms (given the limited number of registered farmers) and **to consider the opportunity of developing an additional functionality on the existing platform**, including allowing small producers to consult on various topics of interest (in the context where other EU Member States offer this possibility through the promotion platforms).



2 - Increasing market orientation, job opportunities and incomes of small-sized agricultural holdings

Conclusions – NRDP investments have been efficient in increasing market orientation of small farms.

² For example: <https://www.madr.ro/comunicare/5926-platforma-online-dedicata-micilor-producatori-de-legume.html>

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- *Beneficiaries of sM 4.1 and sM 6.3 have started to modify market channels and produce new products in order to follow the consumer needs. Diversification is more significant for beneficiaries located in mountain and normal areas (developing direct product sales), compared to those located in areas with specific or significant natural constraints.*
- *The effects produced in the small farms **by sM 6.3 and sM 4.1 are different**. In the first case, consider the low amount of the grant, the sM 6.3 have normally introduced new working capital in the farm activities that have produced some effects, but that could be not sufficient to maintain this effect in the future. Unlike sM 4.1, sM 6.3 supports small interventions (with low financial value) and which have a limited impact on the structure of small farms. The investments done under sM 4.1 have produced more costs, but have also started to modify the farm strategy and structure, with potential benefits on future farm production capacity. Similarly, effects in terms of new jobs created are more clear for sM 4.1 projects. Obviously, the number of small farm beneficiaries under sM 6.3 is not comparable with the small farm beneficiaries under sM 4.1.*

Recommendations – For the future programming period, the evaluators suggest the following recommendations:

- **Improving data collection at farm level.** A set of indicators could be collected before and after the implementation of projects, to assess the variation of the performance of small farms over time, indicators that reflect the performance evaluation criteria used in the current evaluation (newly created jobs, revenue growth of the family and farm, market type indicators, sales, production). Information on these indicators could be collected either through monitoring activities or based on a sample of small farms used for RICA surveys.
- **Helping small farm beneficiaries, to invest in physical assets, with adapted selection criteria,** and try to forecast the effect of a reduction of minimum SO from 8000 to 6000 SO, to give the possibility to a large number of small farm already working to do new investments. Moreover, it is recommended to provide a separate budget allocation or give priority to small farms.



3 - Association of small producers and transformation of small farms

Conclusions – The support for the creation of small producer association has started to give the first preliminary results. The support provided by PNDR has encouraged market orientation, but in a different way at small farms level, compared to the situation at national level.

Recommendations – For the future programming period, the evaluators suggest the following recommendations:

- *Selection criteria and allocation rules (eg. resource allocation for mountain areas and areas of specific territorial interest) should consider at least age and territorial differences to design the strategy of programme support.*

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- *In order to further support farm structural changes and the opening of agricultural production to the market, the access conditions related to sM 6.3 should take into account the farm location, the level of production and the farmer's age. In the context in which young farmers (up to 40 years old) represent the category of beneficiaries with a more pronounced opening to the market, but also the more favored category of beneficiaries, it is recommended to offer opportunities to farmers up to 63 years old - stimulating also people from other fields of activity.*



4 - The structure of associative forms

Conclusions – Overall, in spite of the differences across the various sub-measures, the analysis shows that **associative forms, producer groups and horizontal and vertical cooperation promoted by the NRDP represent a key opportunity to promote small farms growth**. This finding is different from what highlighted in the specialized literature for Romania, for which associative forms are mainly networks for bigger corporate farms than small farms. **However, it is also important to highlight the strong territorial and sectoral concentration** of these associative forms which might be explained by the fact these are the first pioneering experiences, building on the existing capabilities and willingness to cooperate of local actors.

Recommendations – From the evaluators point of view, it seems relevant to consider for the future, the following suggestions to improve programme support to associative forms:

- With regard to **producer groups**, it is necessary to improve framework models for **business plans**, which are not always realistic in order to support associative forms in concrete terms. In this respect, a support similar to the one provided under measure 2 should be offered as soon as possible in the new programming period, given the delays recorded in the current period 2014-2020.
- Regarding sM 16.4 and 16.4, it could be useful to include **a selection criterion on the number of small farmers, similarly to the one foreseen under sM 4.1**. That could complement the existing selection criteria - No. 1 (on the number of partners) and No. 4 (on the impact on local markets).
- Given the territorial concentration and also the remarkable sectoral concentration of associative forms, **programme authorities could consider including selection criteria to extend the support provided by the programme to other areas or fields of activity**.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**5 - Integrating small producers into the agri-food chain and strengthening the bargaining power**

Conclusions –The public support under the NRDP has **helped increase the degree of participation of small farms in the local food chain, but remarkable differences exist across sectors and measures.** The stronger participation of small farms regards mainly the further integration from the production point view rather than the capacity to affect final price of agricultural products.

- For sM 9.1, the NRDP support has been more effective in contributing to the integration of small farms in the supply food chain from the point of view of productive capacity in the pig farming sector and in the beekeeping sector.
- *sM 16.4 and sM 16.4a foresaw a specific selection criterion (P4 – “local market” principle) that have given a high incentive to the short supply chain integration of projects with the local market. Thanks to this selection criterion, the sub-measures have helped the creation of new networks and reduced the geographical distance between the production and the selling points. However, regarding the integration of small farms in the supply chain from the production point of view, 16.4 and 16.4a surveyed projects tend to disagree with the idea of small farms being more integrated in the supply chain after the programme support, in particular in the bee sector. On the other hand, more positive judgements are provided by the projects specialized in vegetables. Thus, the programme has improved the integration of small producers into supply chains, especially in those sectors with potential for development in this regard. An accurate assessment of the program's ability to positively influence (increase) the integration of small farms into short supply chains is possible only on the basis of long-term results.*
- Evaluation study II - conducted for the AIR 2018 already had highlighted the lack of relevant increase in the final prices charged by primary producers to agricultural products. Moreover, the consolidation of bargaining power does not result in an increase of market prices, but it is rather with a stabilization of prices and other elements that govern sales channels (time - quality - quantity). Thus, it can be stated that sM 9.1, 16.4, 16.4a have contributed to improving marketing (increasing sales volume and diversifying sales channels), strengthening the production of small farms and increasing their bargaining power. Although programme's interventions increase the ability of small farms to sell their products, this did not significantly influence the market price.

Recommendations – *For the future programming period, the evaluators suggest that **for horizontal and vertical cooperation, it seems useful to confirm and re-propose the selection criterion n.4 (“local markets” principle), related to sM 16.4, which has contributed to increasing the integration in the supply chain.***

*Moreover, since the local food chain needs more time to increase the total value of the products and give an effective increase of the value of primary products, the **evaluators suggest replicating the analysis in some years in order to verify to what extent small farms’ bargaining power and integration in the food chain have been increased and reinforced.***

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**6 - Increasing access to credit and introducing innovative ideas**

Conclusions – In what concerns **access to credit**, **different results emerge for the various measures examined**.

- *The analysis of sM 9.1, 16.4 and 16.4a implementation and the other evaluation activities do not show any specific benefits of the NRDP support for the access to credit beyond the financial value of the grant.*
- *One third of the associative forms, beneficiaries of the support granted by sM 4.1, consider co-financing as the most difficult problem, while for the large majority of them the best way to receive financial support is through the possibility to pay lower loan rates to ensure the co-financing rate of projects/investments.*
- *In case of sM 4.1 small farms, the needs of guarantees/collaterals to obtain the loan necessary to secure the co-financing rate for projects/investments is greater.*
- *SM6.3 beneficiaries have been consulted on their interest in receiving additional support from the programme. Their survey indicates they would prefer technical assistance support or ad-hoc assistance - for example, punctual support for understanding definitions / terms, developing business plans - rather than through financial instruments*

Similarly to the access to credit, sub-measures differ in their contribution to innovation:

- *The analysis of producer groups under sM 9.1 has not identified innovative elements at farm level.*
- *The NRDP support through sM 16.4 and 16.4a contributes to stimulating innovation through the use of new technologies, the development of new products and new organizational ways and the introduction of new forms of cooperation, exchange of experiences and exchange of knowledge (aspect confirmed by the case studies and applied among beneficiaries).*
- *The main tangible effects in terms of innovation come from the sM6.3, sM 4.1 and sM4.1a projects, located in the mountain area and the normal area, whose beneficiaries are over 40 years old³. In this regard, the analysis of the projects, built on farmers' perception, shows that the implementation of NRDP has helped the introduction of innovation also in the small farm, but at lower level compared with large farms. In this regard, it is important to highlight that innovation is not restricted to a technical or technological dimension, small farmers do not necessarily apply 'new' technologies: their novelties emerge as the outcome of 'different approaches and different ways of doing things' and in recombining different pieces of knowledge in an innovative way (strategy, marketing, organization, management, and ability to solve problems and identify opportunities). In this regard, while sM 9.1 has a limited capacity to create innovation, the other sub-measures analyzed in this evaluation show various types of contribution. sM 16.4 and 16.4a do not develop process innovation but create contributes to stimulating the following types of innovation: the use of new technologies in the food production sector, the development of new products / services, the*

³ Within the survey applied to beneficiaries, out of the respondents who consider that there is a high degree of innovation on their farm, 30% are young farmers and 70% are farmers over 40 years old.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

*promotion of new organizational models, the introduction of new forms of cooperation and the exchange of knowledge between the food production sector and the research sector. In this regard, the supported projects have promoted the following initiatives: international missions and visits, exchange of experiences between farmers and different actors (e.g. researchers). **The main effects in terms of innovation come from sM6.3, sM 4.1 and sM4.1a.** However, the analysis of projects and the survey show that the implementation of NRDP has helped the introduction of innovation also in the small farm but at lower level compared with large farm. At the same time, the perception of sM 4.1 and 4.1a beneficiaries regarding innovation is a positive one (80% of respondents - lower value than the one obtained by the answers provided by all surveyed beneficiaries (not only beneficiaries with small farms), within the previous evaluation activities - Evaluation study II - Annual Implementation Report 2018).*

Recommendations – *In what concerns **access to credit**, the Managing Authority could consider the flexibility proposed by the European Commission in the use of financial instruments, in particular in response to the crisis caused by the COVID-19 pandemic. In this regard, the European Commission has proposed the amendments⁴ of the EU Regulation 1305/2013 permitting emergency assistance to farmers and SMEs particularly affected by the COVID-19 crisis in the form of a lump sum payment not exceeding EUR 7,000 per farmer and EUR 50,000 per SME. The proposed Regulation also includes a maximum share of EU contribution at 2% of the total EAFRD contribution to the rural development programme in order to ensure that the general programme intervention logic is kept unchanged and respected.*

*For promoting **innovation** further on, the evaluator suggests the Managing Authority:*

- *coordinating and sharing best innovative practices across the small farms;*
- *promoting a specific hackathon for small farms to discuss about innovative ideas for small farm development, based on the experience of Spain in adopting solutions to minimize the economic effects of COVID-19.*
- *promote in the future ad hoc initiatives as already mentioned here to promote knowledge exchange between farmers, industry, research and other relevant stakeholders to offer new ideas and opportunities for the development of small farms and help strengthening the Agricultural Knowledge and Innovation Systems (AKIS) are poorly developed and fragmented in Romania.*

⁴ *The proposal is undergoing a continuous process of change, so that the provisions on lump sums and the share of the contribution may change in the future. To consult the latest data, please check the updated form of EU Regulation 1305/2013.*

**EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**

1. Introduction

1.1. Purpose of the evaluation study

Evaluation study V – Small farms and the development of associative forms represents the result of the structuring, observing, analysis and evaluation activities regarding the measures and actions funded through the NRDP 2014-2020, which were oriented towards the promotion, support and development of small farms and diverse forms of association. In particular, the evaluation study examines the contribution of NRDP, through the analysis of the following sub-measures: sM 6.3 (the development of small farms) and 6.3 ITI (development of small farms in the ITI Danube Delta area), 4.1 ITI (investments in agricultural holdings in the ITI Danube Delta area), 4.1a (supporting investments in fruit farms), 4.1a ITI (investments in fruit farms in the ITI Danube Delta area), 9.1 (establishment of producer groups in the agricultural sector), 9.1a (establishment of producer groups in the fruit farm sector), 16.4 and 16.4a (support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit sectors).

During the evaluation activities carried out, the team of experts used methods and techniques of qualitative and quantitative analysis, which substantiated the answers to the evaluation questions and allowed the development of conclusions and recommendations.

The data substantiating Evaluation study V reflect the implementation of NRDP 2014-2020 interventions until 31.12.2019.

1.2. Description of the terms of references

Evaluation study V – small farms and the development of associative forms is provided in the context of conducting a series of thematic studies that are the subject of the contract “The on-going evaluation of the National Rural Development Programme 2014-2020 during 2017-2020” and contains answers to six specific questions:

1. To what extent has the support provided through NRDP contributed towards improving the general performance of small-scale agricultural holdings?
2. To what extent does the support provided through NRDP contributed to an increase in the market orientation, job opportunities and income of small farms?
3. To what extent has the support provided through NRDP encouraged the association of small producers and facilitated the transformation of small farms from subsistence and semi-subsistence farms into commercial ones?
4. What is the structure of the associative forms in terms of the economic dimension of agricultural holdings (farms) that are members of the associative forms?
5. To what extent has the support provided through NRDP contributed to the integration of small producers in the agri-food chain and to the strengthening of their bargaining power?
6. To what extent has the support from the NRDP contributed to an increase in the access to credit and towards the introduction of innovative ideas among small producers?



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

In accordance with the provisions of the Joint Monitoring and Evaluation System, the on-going evaluation of the National Rural Development Programme 2014-2020 is performed by the independent evaluators ACZ Consulting SRL & t33 SRL, selected following a public tender procedure. The services contract regarding *“The on-going evaluation of the National Rural Development Programme 2014-2020 during 2017-2020”* was signed on April 5th, 2017 and has an implementation duration of 46 months, out of which 43 months allocated for implementing project related activities and 3 months required to make the final payment, in accordance with the provisions of payment instructions and the execution of last payment installment.

The on-going evaluation of NRDP aims the analysis of effectiveness (the extent to which the objectives set have been met), efficiency (the optimal relationship between the utilized resources and the obtained results), relevance (the extent to which the programmed objectives are in conformity with the needs, the problems and the diverse aspects encountered in the implementation of the programme) and of the socio-economic impact generated by the programme interventions towards a sustainable and balanced development of the Romanian rural space.

The general objective of the contract lies in the realization of the evaluation studies of NRDP 2014-2020, both the mandatory ones, foreseen by the European regulations, as well as the ones identified by the Managing Authority, during four years, in the period 2017-2020. Thus, seven evaluation studies were foreseen, out of which two studies which are necessary for the preparation of the consolidated annual implementation reports, sent to the European Commission in 2017 and 2019, as well as five thematic studies on the following aspects: Performance framework, Mountain area, Small farm and the development of associative forms, Administrative capacity in the implementation of NRDP and the Environmental and climate measures of NRDP 2014-2020.

In addition to these seven evaluation studies, during the implementation period of the contractual activities and starting with 2017, with an annual frequency up to and including 2020, the provider performed an analysis for the net contribution of NRDP interventions to the changes of SEA indicators values, as well as the analysis of the achievement degree in relation with the objectives set for each measure within NRDP.

1.3. Themes, questions, and evaluation criteria

The study covers six evaluation themes, each of them being connected to an evaluation question, in accordance with the correspondence established in the research methodology, as is shown below:

- Improving the overall performance of small farms (EQ 1). This theme is analyzed by taking into account the increase in sales, production, increase in skills and capacity as well as the reduction in the abandonment of land;
- Increasing market orientation, job opportunities and incomes of small farms (EQ 2);
- The association of small producers and the transformation of small farms (EQ 3);
- The structure of associative forms in terms of the economic size of agricultural holdings (farms) that are members of associative forms (EQ 4);
- The integration of small producers in the agri-food chain and the consolidation of their bargaining power (EQ 5);
- Increasing the degree of access to credit and the introduction of innovative ideas - increasing product and process innovations among small producers (EQ 6).

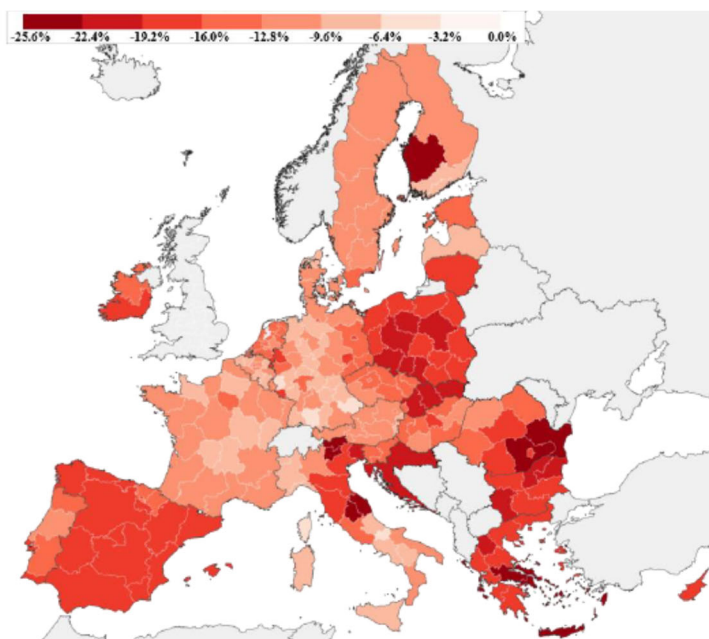
EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

The analysis and the interpretation of data, the presentation of evaluation findings and the formulation of conclusions and recommendations are made at the level of each evaluation theme, and where possible and relevant, are disaggregated at the level of each evaluation criterion, as seen in Chapter 3.1.

1.4. Context of the evaluation study and relevant previous studies

The present study is strongly anchored in the context of Romanian rural development, which has been affected, in the first half of 2020, by the COVID-19 global pandemic. As is emphasized by the International Monetary Fund (IMF) in the first chapter of the global economic perspective that was published in March 2020, “the COVID-19 pandemic generates high human costs, which are increasing at the global level”. The first projections for the year 2020 estimate a reduction of 6.6% in terms of real GDP, at European level, respectively by 5% in Romania. Recently, the European Commission has presented the estimates of the impact of the COVID-19 pandemic on the GDP at regional level (NUTS-2) in the Commission Staff Working Document supporting the Next Generation Fund⁵ - see the following map, which highlights expected higher impact in the Romanian South and South-East regions.

Figure 1.4-1 GDP impact at regional NUTS 2 level excluding the impact of policy measures



Source: Joint Research Center for the European Commission Staff Working document 98 (2020)

⁵ SWD(2020) 98 final COMMISSION STAFF WORKING DOCUMENT Identifying Europe's recovery needs Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Europe's moment: Repair and Prepare for the Next Generation https://ec.europa.eu/info/sites/info/files/economy-finance/assessment_of_economic_and_investment_needs.pdf

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

This major change in the national context occurred only after the data collections tools were designed and the first research activities were launched. Therefore, it was not possible to take this situation into account when developing the data collection tools. However, as far as it was possible, the evaluators took into account the changes in the current rural development context while analyzing the findings and, in particular, in formulating policy conclusions and recommendations.

Regarding the methodological context, the evaluation study is based on the definitions used in the framework of NRDP with regards to “small farms” and “associative forms”. More precisely, the NRDP defines the small farm according to its framing in the economic dimension 4,000 – 11,999 SO (value of standard output) and promotes various forms of cooperation and associative forms at the level of several measures.

In the Eurostat databases, farm size was associated with physical, economic and labor-related characteristics. The analysis of data available⁶ at Eurostat level, for the years 2005-2016, highlights the relevance of Romanian farms in Europe in terms of both number and size of different categories of farms. As presented in table no 1.4-1, regardless of the characteristic that is taken into account, it is observed that the Romanian farms are smaller, or have a smaller economic activity and record a slower increase, compared to the average of the EU member states.

Table 1.4-1 The average variation of farm size in Poland-Hungary-Romania and the EU-28, taking into account the utilized agricultural area (UAA), the economic size (SO)

Physical dimension (ha UAA/ holding)					
	2005	2007	2010	2013	2016
Hungary	6.0	6.8	8.1	9.5	10.9
Poland	6.0	6.5	9.6	10.1	10.2
Romania	3.3	3.5	3.4	3.6	3.7
UE 28	11.9	12.6	14.4	16.1	16.6
Economic dimension (EURO - SO/holding)					
	2005	2007	2010	2013	2016
Hungary	6,885.9	7,432.8	9,086.2	11,352.3	15,191.8
Poland	6,494.8	7,124.9	1,602.4	15,253.5	17,725.7
Romania	2,464.4	2,574.2	2,558.8	3,303.2	3,537.5
UE 28	19,819.0	20,651.9	25,102.5	30,549.5	34,784.4

Source: Eurostat data for establishing the structure of the farm (FSS - Farm structure survey)

In any case, 66.8% of Romanian farms are micro-sized (with a level of standard production that is lower than 2,000 SO), while small farms, as they are defined in the present study, represent approximately 8% of the total. The 2016 Eurostat database indicates⁷ that small farms with a dimension between 4,000 SO and 7,999 SO represent 10% out of the total farms in Romania and 13.3% in the EU-28.

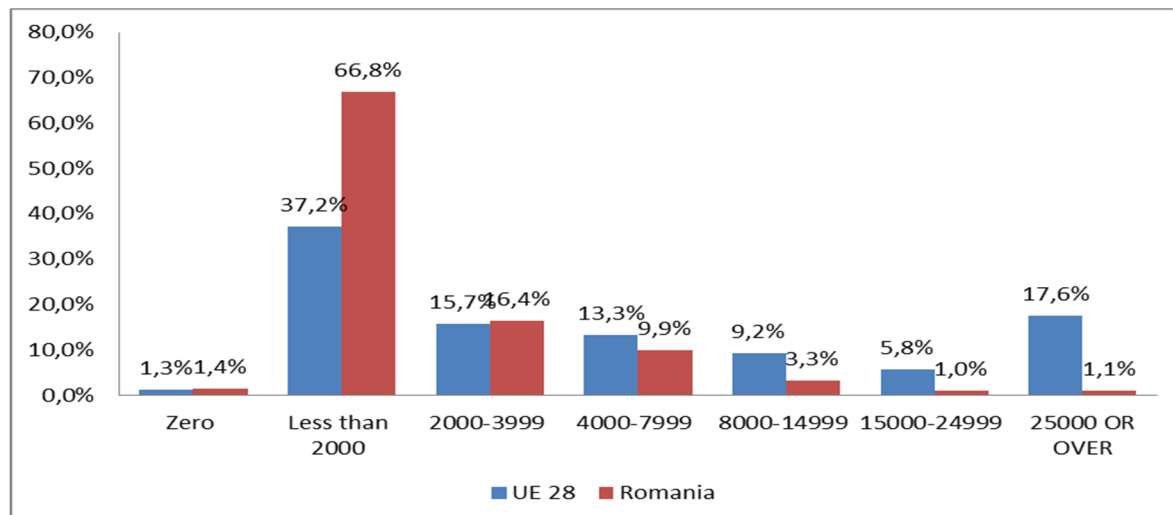
⁶ The basic Farm Structure Survey, abbreviated as FSS, is carried out by all Member States of the European Union. The FSS is carried out consistently across the EU, with a common methodology, applied regularly, and therefore provides comparable and representative statistics, by country and time intervals, at regional level (up to NUTS 3 level). Every 3 or 4 years, the FSS is conducted as a sample survey and once every ten years as a census. https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/performance-agricultural-policy/cap-indicators/context-indicators_en.

⁷ Data for the specific class between 4,000 and 11,999 SO, which define the small farm, are not available

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

However, it should be noted that 1/3 of EU farms are Romanian, but contribute with only 3.6% to the total standard production⁸ and with only 7.8% to the agricultural land area.

Figure 1.4-1 Farm distribution according to the value of standard production in euros (the percentual incidence of Romanian farms, compared with percentual incidence of the EU-28 average)



Source: Eurostat 2016 data regarding the common indicator C17 – agricultural holdings

The present evaluation incorporates and summarizes the main findings that are highlighted by the relevant previous reports and studies. In this sense, the literature provides in-depth studies on the development of small farms and associative forms. The study “*Farm Structure and Land Concentration in Romania and the European Union’s Agriculture*” analyzes the structure of the farm and the concentration of land in Romania and the EU-28 in the period 2003-2013. The study claims that, despite the low efficiency of Romanian agriculture, determined by the significant share of small farms, the long-term evolution indicates a positive trend in terms of farm structure and its economic efficiency⁹.

The evaluation of the development and performance of small farms raised, in the specialized literature, the problem of terminological delimitation. Specifically, the study “*Small Farms in Europe: Time for a re-definition*” presents several approaches regarding the definition of a small farm, based on the following criteria: (1) physical size; (2) economic dimension; (3) labor contribution. Moreover, the study takes a multi-perspective analysis regarding the possibilities of redefining the concept of small farms and possible limitations in terms of data requirements¹⁰.

Small farms are usually delimited by using thresholds for indicators (the criteria mentioned above) that measure farm size (Davidova and Thomson, 2014). Taking into account the structural size, small

⁸<http://business-review.eu/business/agriculture/eurostat-romania-has-one-third-of-eus-farms-but-only-3-4-percent-of-output-174823>

⁹ Popescu et al (2016). “*Farm Structure and Land concentration in Romania and the European Union’s Agriculture*”. Agriculture and Agricultural Science Procedia.

¹⁰ Gioia A. et al (2017). “*Small Farms in Europe: Time for a re-definition*”. Access to Land “A European Network of grassroots organizations securing land for agroecological farming.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

farms are defined by EUROSTAT and the Food and Agriculture Organization of the United Nations (FAO) as those farms with an agricultural area of less than 5 ha.

For a better definition of the small farm (Arzeni and Sotte, 2014), the aspects available through the agricultural census must be taken into account: a) altimetric area, (b) share of production for own consumption, (c) working days at farm level (d) use of passive contracting, (e) age of farm administrator, (f) presence of related activities, (g) share of direct payments in total income, (h) the administrator's level of education, (i) production of quality products, (j) technical and economic guidance.

The suggestion of the evaluation team is for the Managing Authority to select the most relevant criteria available at national level, from those listed above, and to define different types of small farms (up to 5 ha). In this process, it will be taken into account that the definition according to thresholds is strongly influenced by the geographical context of the analysis, because the distribution of farms by size is very heterogeneous between regions (eg Hazell et al., 2010; Lowder et al. , 2016).

Regarding the definition of “associative forms”, the study is built on the evaluation of the programme logic intervention. In particular, when elaborating the thematic study V, the following were taken into account:

- The analysis of the secondary/indirect effects of measures that promote the performance of small farms (eg. sM 6.3, sM 4.1 and 4.1a) in terms of role and bargaining power within the food chain and association of small producers (eg sM 4.1, 4.1a and 6.3).
- The evaluation of measures and sub-measures such as sM 9.1, 9.1a, 16.4, 16.4a, which promote association and cooperation, including the evaluation of sM 4.1 and 4.1a, which presents a selection criterion for cooperative and producer groups.

In addition, the article “*Limiting Factors that Influence the Formation of Producer Groups in the South-East Region of Romania: A fuzzy Set Qualitative Comparative Analysis (fsQCA)*” examines the issue of land fragmentation and highlights the opportunities and challenges of cooperation and producer groups¹¹.

Recently, several reports have been prepared with the Horizon 2020 SALSA project, with a specific focus on the context of small farms in Romania.¹² The study defines the taxonomy of farmers, proposes specific policies regarding Eastern European countries, formulates policy recommendations and draws lessons learned from existing policy instruments, including CAP measures.

A European map produced in the SALSA project shows the distribution of small farms at the NUTS-3 level. This was developed through a stepwise approach that combined diverse datasets and information. The criteria used in the project's is a conceptual framework of classifying small farms in two ways: by physical size (farms with less than 5 ha of Utilized Agricultural Area; UAA) and by economic size (farms with less than 8 Economic Size Units; ESU of Standard Gross Margin; SGM).

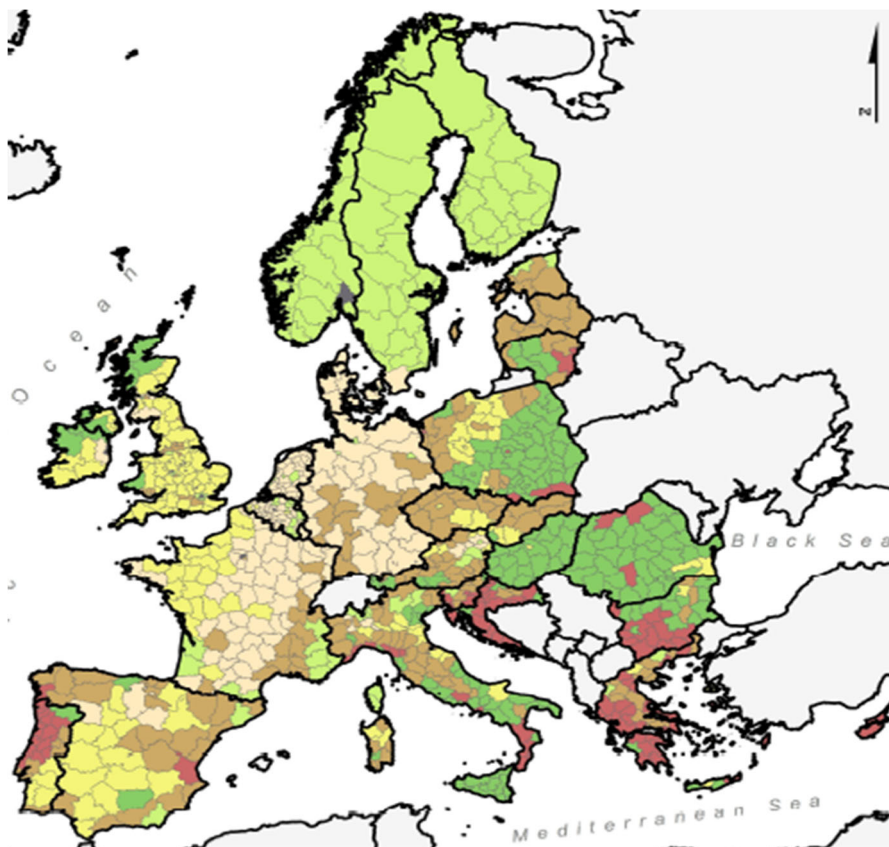
¹¹ Florea A.M., Capatina A., Radu R.I., Serban C., Boboc M.G., C. S. Dinca, Munteanu M., I.M. Dumitriu, Stanciu S. (2019), “*Limiting Factors that Influence the Formation of Producer Groups in the South-East Region of Romania: A Fuzzy Set Qualitative Comparative Analysis (fsQCA)*”.

¹²<http://www.salsa.uevora.pt/the-salsa-policy-briefs-to-guide-policy-interventions-in-support-of-small-farms/>
<http://www.salsa.uevora.pt/the-salsa-policy-briefs-to-guide-policy-interventions-in-support-of-small-farms/>

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

This cluster analysis performed at NUTS-3 level shows that, in Romania, most of the small farms are in predominantly agricultural regions that contain “concentration points” of small farms (green label), but there are also specific NUTS-3 areas, such as the Danube Delta (yellow label), where there are few small farms, or NUTS-3 areas in the northern part of the country, where the area of agricultural land is lower compared to the forested one (red label).

Figure 1.4-2 Type and distribution of small farms in Europe¹³



Source: Horizon 2020 Salsa Project

1.5. Structure of the evaluation study

The content of the evaluation study has been defined in conformity with the requirements presented at the level of the contract award documentation and the research methodology agreed with the Contracting Authority.

¹³ Predominantly agricultural regions: ■ 1. Extremely high number of small farms with very low incomes, ■ 2. Regions with few small farms, which are relatively small and have medium incomes; ■ 3. Regions with a low proportion of small farms, which are close to the upper size threshold and have high incomes.

Regiuni cu o distribuție echilibrată între zonele agricole și celelalte tipuri de zone: ■ 4. Regiuni cu o proporție redusă a fermelor mici, de dimensiuni relativ reduse și venituri mici.

Regiuni with little agricultural land surface: ■ 5. Small farms exist in large numbers, which are extremely mici sunt prezente într-un număr ridicat, au dimensiuni extrem de reduse și venituri mici; ■ Small parts of the region are occupied by small farms, which are close to the upper size threshold and have a medium income.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

The Evaluation study V – small farms and the development of associative forms is structured in five main chapters and contains information referring to:

- Purpose of the study, terms of references, evaluation topics, questions and evaluation context (Chapter 1);
- Stages of the evaluation process, evaluation questions and criteria, the methodological approach adopted for each evaluation question, methodological limitation and challengers (Chapter 2);
- Analysis of indicators and findings from evaluation activities, analysis of the implementation of relevant sub-measures and analysis of evaluation topics (Chapter 3);
- Answers to evaluation questions (Chapter 4);
- Conclusions and recommendations (Chapter 5).

At the same time, the findings presented within the evaluation study are based on the information contained in the annexes, namely: the tools applied in the survey with programme beneficiaries, the tools used during the interviews with relevant key actors and the results of case studies.

2. Methodology

2.1. Stages of the evaluation process

The evaluation process involved five main methodological phases presented below:

1. *Structuring*. The structuring phase refers to the evaluator's acquisition of a clear understanding of the evaluation tasks. This phase aims to prepare the set of information and data, as well as the analytical tools needed to answer the evaluation questions. The structuring phase was completed when the research methodology, based on which this evaluation study was developed, was approved.
2. *Observation (data collection)*. The observation phase aims to identify the available and relevant information for the on-going evaluation process of the NRDP. During this stage, the team of evaluators identified the sources of information, tools and methods of data collection, as well as the methods to verify the validity and usefulness of the qualitative and quantitative data collected. Data obtained from primary sources were collected through an online survey, applied to programme beneficiaries, but also through other field research activities, such as semi-structured interviews with representatives of the authorities involved in the management of NRDP (MA, AFRI) and with other relevant key actors (financial intermediaries). The secondary sources used for data collection were documents included in the literature, databases from the programme monitoring system and other statistical databases.
3. *Data analysis*. The analysis phase involved the use of methods and techniques for processing, composing and synthesizing available information, but also the use of tools and techniques for triangulating findings, which increased the credibility of the conclusions regarding the effects and impact observed by evaluators.
4. *Evaluation / formulation of findings*. In the assessment / evaluation phase, the team of evaluation experts developed answers to the evaluation questions and formulated conclusions and recommendations, in correspondence with the analyses performed in the previous stages.
5. *Dissemination*. The dissemination phase involves the organization of a conference in which the evaluation team will present the main results and findings highlighted in the evaluation study, in order to inform key partners and relevant actors in the field of agriculture and rural development. The annual dissemination conference will be organized at a later stage of the contract implementation.

2.2. Questions and evaluation criteria

The general methodological approach seeks to assess the contribution of the programme to the economic performance of small farms, through a comparison between ex-ante and ex-post interventions at the level of beneficiaries, according to the criteria for each evaluation question (detailed below).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

The fiches included in the next section describe the content of the evaluation questions, as defined by evaluators in the research methodology, illustrate the evaluation criteria used for each question and indicate the main sub-measures of NRDP 2014-2020, which have been considered in the analyses developed for each evaluation question.

Evaluation criteria. The following fiches list the specific criteria for each evaluation question. To these, three other horizontal evaluation criteria were added: sectorial concentration of production, territorial coverage and characteristics of the beneficiary.

- **Sectorial concentration of production** - The study analyses the sectors in which the projects, funded under the relevant sub-measures and covered by this research, activated (plant / zoo technical / mixed structured by types of crops and breeds of animals / birds / bee families) and the type of production (ecological or traditional)¹⁴. The criteria applies to both small farms and associative forms.
- **Territorial coverage** - The study analyses the location of projects according to the programme territorial classification, respectively mountain areas, areas affected by significant constraints, areas affected by specific constraints (disadvantaged areas), normal areas, ITI (Integrated Territorial Investments) areas. Considering that for sub-measures 9.1, 16.4 and 16.4a no information was available on the aforementioned territorial classification, an administrative classification at regional and county level was adopted.
- **Characteristics of the beneficiary** - In the case of small farms, the evaluation team took into account the following characteristics of the beneficiaries: age, sex, form of legal organization (registered and authorized natural person or legal person, except for agricultural cooperatives and producer groups) the holding held and the associative form to which it belongs (if applicable).

Indicators. They are based on programme monitoring system data and should include, whenever relevant, at least the following indicators (to which other relevant indicators have been added):

- Number of applications submitted for the relevant sub-measures;
- Number of contracted projects for the relevant sub-measures;
- Number of projects finalized for the relevant sub-measures;
- Total public expenditure for the relevant sub-measures ;
- Supported area (hectares), number of animals (animal heads / bee / bird families etc.) for the relevant sub-measures;
- Number of small farmers that are part of associative structures (this indicator can only be identified at project level, based on the survey and / or case studies, as it is not directly available in the monitoring system).

¹⁴ Sectors specific to sM 6.3 will be used as a reference point to propose a classification for the sectorial concentration of NRDP support and to design the data collection. The sectors covered by the support provided by sM 6.3 and 9.1 are the following: Field crops, Horticulture, Viticulture, Permanent crops (other than viticulture), Cattle breeding for meat, Cattle breeding for milk, Livestock of sheep and goats, Pigs, Poultry, Mixed (mixed crops, mixed animals, crops and animals other than bees), Bees, Other. Sectors specific to sM 4.1 correspond to the same classification, with the exception of the category Permanent crops (other than viticulture). SM 4.1a refers to fruit sector



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

All these indicators were detailed, whenever relevant, taking into account the horizontal evaluation criteria mentioned above. The indicators' analysis was performed with the help of the monitoring system's databases, corresponding to the programme implementation stage of December 31st, 2019.

The analysis of indicators is part of a specific introductory analysis on the implementation of relevant sub-measures (Chapter 3.1) and is based on the proposed horizontal evaluation criteria, related to sectorial concentration, territorial coverage and characteristics of beneficiaries/ applicants. Moreover, the evaluators will analyse the evidences emerging from the questionnaire surveys to beneficiaries in order to use them in combination with data from the monitoring system to make the analysis of the performance of the PNDR relevant submeasures. Annex V.9 of the present report provides information on the representativeness and soundness of the data collection based on surveys.

2.3. The methodological approach adopted for each evaluation question

The methodology used during the research process brings together a mix of quantitative and qualitative tools and techniques, which combine the literature review, analysis of monitoring data, questionnaire applied to beneficiaries, interviews with representatives of authorities involved in the programme management and implementation (MA, AFRI) and financial intermediaries (Libra Internet Bank and ProCredit Bank), as well as case study analysis:

- *Observation.* The methods used in this phase consisted in collecting data from the monitoring system and applying the online survey among a sample of beneficiaries that have projects contracted under the relevant sub-measures. Interviews with representatives of the Managing Authority and the financial intermediaries partially contributed to the observation and to some extent to the formulation of the evaluation judgments, as a first validation of the preliminary findings.
- *Analysis.* The descriptive statistical analysis of data from the monitoring system and those collected by applying the survey were the main pillars of the analysis stage.
- *Evaluation / formulation of findings.* Literature review was used at the end of the evaluation process, to ensure an external comparative analysis of the evaluation results and of the conclusions highlighted by the interviews with MA, AFRI and financial intermediaries. Similarly, case study analysis was not only a tool for data collection, but also for confirming / validating / modifying the preliminary findings of the evaluation.

The following table provides an overview of the evaluation criteria and measures analyzed for each evaluation question in the study.

The evaluation covered specific NRDP sub measures, considered as being relevant for the analysis of small farms and different forms of association, as emphasized in the methodology, such as: sM 6.3, 6.3 ITI, 4.1, 4.1 ITI, 4.1.a, 4.1.a ITI, 9.1, 9.1a, 16.4 and 16.4.a. These sub measures are linked to the evaluation question as specified in the following fiches.

However, the possible contribution of other measures / sub-measures to the development of small farms should also be mentioned, but their analysis is not thorough in this evaluation study, as the research activities followed the guidelines of the methodological report proposed by the evaluators and agreed with the contracting Authority. An example of this is measure 19 (see box 2.3.1).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Box 2.3.1 measure 19 and small farms

The analysis of the LAGs database of the European Rural Development Network allows identifying the 7 local development strategies which have been recorded in the database as having an explicit focus on small farms. The corresponding LAGs are Lags Association CERNA – OLTEȚ, Association „GRUP DE ACȚIUNE LOCALĂ BANAT-VEST”, Association Ștefan cel Mare, Association " Lunca Mureșului de Jos LAG", Association "GAL Valea Clăniței", Association Valea Bașeului de Sus, Association ȚINUTUL ARGEȘUL DE MIJLOC. The analysis of the local development strategies shows that the definition of small farm in LDS is not the same as PNDR: Some of the local development strategies consider small farms along with medium farms in a group of farms up to 250.000 SO while in the PNDR the accessibility criteria for small farm in the sM 6.3 are from 4.000 to 11.999 SO. In particular The LAG ȚINUTUL ARGEȘUL DE MIJLOC consider as small farm the farm with a SO from 8.000- to 30.000, also in the case of LAG Mureșul de Jos they consider together small and medium farms, while in the LDS of the other GAL are not explicitly define a specific range of Standard Output. Moreover, the analysis shows that the strategy adopted could be interesting but are for medium farm and not for small farm The LDS of LAG ȚINUTUL ARGEȘUL DE MIJLOC have specific Eligibility Criterium that in theory are for small farm but consider the range of SO are for medium farm. "The maximum value of a project is EUR 100000. The intensity of non-reimbursable support is 50 % and it will be able to increase by 20 additional percentage points, 90 % for small and medium farms (up to 250.000 SO), respectively 70 % for farms ranging from 250.000 to 500.000 SO, in the case of the principle of association of farmers, who have small and/or medium-sized holdings, within cooperatives or producer groups established under existing national legislation".

The following table provides an overview of the evaluation criteria and measures analyzed for each evaluation question of the study.

QE1 - To what extent has the support provided by the NRDP contributed to improving the overall performance of small farms?	
Evaluation Criteria	<p>The overall performance' concept of small farms is approached from several points of view. The starting point is the evaluation criteria proposed for this question, in order to evaluate the contribution of NRDP support:</p> <ul style="list-style-type: none"> • Increased sales • Increased capacities and skills (e.g. knowledge acquired about regulations and environmental requirements) • Reduction of land abandonment (e.g. the small farm remains active after the support received, the small farmer decided not to migrate or move, due to the sustainability and viability of the activity for which the support was requested) • Horizontal evaluation criteria • Sectorial concentration • Territorial coverage • Characteristics of the beneficiaries
Measures	<p>The analysis covers the sub-measures targeting small farms, either directly or by creating separate categories for small farms (sM 4.1, sM 4.1 ITI, sM 6.3 and 6.3</p>

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

QE1 - To what extent has the support provided by the NRDP contributed to improving the overall performance of small farms?

	<p>ITI), as well as those addressing associative forms (sM 4.1 și 4.1 ITI; sM 4.1a și 4.1a ITI), where they exist:</p> <ul style="list-style-type: none"> • Farms with a standard output between 4,000-11.999 SO (sM 6.3, 4.1a) or 8,000-11.999 SO (sM 4.1), by selecting the specific field “Economic size of the holding”, from the monitoring system database. Moreover, the analysis of the scores awarded based on the selection criteria was performed in order to evaluate the skills acquired due to the contribution of sM 6.3. • Associative forms (identified in the database of the monitoring system according to the column "Legal entities", the categories "Agricultural cooperative" or "Producers group") that include small farms, taking into account the score obtained by applying the selection criterion P.4¹⁵ for sM 4.1, 4.1 ITI, 4.1a, 4.1a ITI (identified in the monitoring system databases, according to the column “Legal entity”, categories “Agricultural cooperative” or “Producers group ”). For sM 4.1a, the analysis of selection criteria was performed to map the types of fruit trees. <p>Transition projects were taken into account in determining the number of beneficiaries, resources mobilized and sectorial coverage, but sampling was mainly applied to projects that have new resources.</p>
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QE2 - To what extent has the support provided by the NRDP contributed to increasing market orientation, job opportunities and the income of small farms?

<p>Evaluation Criteria</p>	<p>The question covers several evaluation dimensions:</p> <ul style="list-style-type: none"> • Increasing market orientation in terms of quantity (for example, increasing sales in certain markets); • Increasing market orientation in terms of quality (increasing the capacity to address market needs; increasing the capacity to address consumer needs); • Increasing job opportunities (eg. for other family members); • Increasing income (eg. checking the hypothesis in which the increase in family income is determined by the increase in market orientation); • Horizontal evaluation criteria; • Sectorial concentration; • Territorial coverage; • Characteristics of the beneficiaries.
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¹⁵ P.4 The principle of associating farmers, holding small and / or medium-sized holdings, in cooperatives or producer groups set up under the national legislation in force (producer groups or cooperatives consisting mainly of agricultural holdings of up to 12 000 SO). However, it is important to note that the average score is the weighted average of the score obtained by all cooperative partners.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

QE2 - To what extent has the support provided by the NRDP contributed to increasing market orientation, job opportunities and the income of small farms?

<p>Measures</p>	<p>The analysis covers the sub-measures targeting small farms (sM 6.3 and 6.3 ITI), as well as other sub-measures (sM 4.1 and 4.1 ITI; sM 4.1a and 4.1a ITI), where applicable:</p> <ul style="list-style-type: none"> • Farms with standard output between 4,000-11.999 SO (sM 6.3, 4.1a) or 8,000-11.999 SO (sM 4.1), by selecting the specific field “Economic size of the holding”, from the monitoring system database. • Cooperatives (identified in the monitoring system database according to the column “Legal entity”, categories “Agricultural cooperative” or “Producer group”) <p>Transition projects were taken into account in determining the number of beneficiaries, resources mobilized and sectoral coverage, but sampling was applied as a matter of priority to projects with new resources.</p>
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QE3 - To what extent has the support provided by the NRDP encouraged the association of small producers and facilitated the transformation of small farms from subsistence farms into commercial ones?

<p>Evaluation Criteria</p>	<p>The general evaluation criterion is the conversion of small farms into commercial farms</p> <p>The horizontal evaluation criteria refer to:</p> <ul style="list-style-type: none"> • Sectorial concentration • Territorial coverage • Characteristics of the beneficiaries
<p>Measures</p>	<p>The analysis covers the sub-measures targeting small farms (sM 6.3 and 6.3 ITI), in order to understand whether the support provided had the side effects of stimulating the association of small producers. The other sub-measures of measure 4 (sM 4.1 and sM 4.1 ITI; sM 4.1.a and sM 4.1.a ITI) are included in the analysis where there are farms with a standard production between 8,000-11,999 SO (sM 4.1) or 4,000 - 11,999 SO (4.1a), by selecting the specific field “Economic size of the holding”, from the monitoring system database.</p> <p>The aim is to examine the side effects of the support in terms of stimulating the association of small producers, similar to the approach proposed for SM 6.3. However, the projects financed by measure 4 and its sub-measures, mentioned above, are also taken into account if the beneficiary belongs to the cooperative or producer group category (identified in the monitoring system database, column “Legal entity”). In this case, the analysis refers to the presence of small farms in cooperatives and producer groups.</p> <p>Transition projects were taken into account in determining the number of beneficiaries, resources mobilized and sectoral coverage, but sampling was applied as a matter of priority to projects with new resources.</p>

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

QE4 - What is the structure of the associative forms in terms of the economic dimension of the agricultural holdings (farms) that are members of the associative forms?

<p>Evaluation Criteria</p>	<p>The general evaluation criterion is the structure of the associative forms from the perspective of the farm's economic size (standard output).</p> <p>The horizontal evaluation criteria refer to:</p> <ul style="list-style-type: none"> • Sectorial concentration • Territorial coverage • Characteristics of the beneficiaries
<p>Measures</p>	<p>The analysis covers measure 4 (sM 4.1 and sM 4.1 ITI; sM 4.1.a and sM 4.1.a ITI), where beneficiaries belong to the cooperative or producer group category (identified in the monitoring system database, column "Legal entity").</p> <p>Transition projects were taken into account in determining the number of beneficiaries, resources mobilized and sectoral coverage, but sampling was mainly focused on projects with new resources. In addition, the analysis includes sM 9.1 and 9.1a - Establishment of producer groups in the agricultural and fruit sector and sM 16.4 and 16.4a - Support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit sectors.</p>

QE5 - To what extent has the support from the NRDP contributed to the integration of small producers in the agri-food chain and to the strengthening of bargaining power?

<p>Evaluation Criteria</p>	<ul style="list-style-type: none"> • Integration of small producers in the agri-food chain • Increasing bargaining power (eg. the existence of an advantage for small producers, in their relationship with other actors in the agri-food chain, after the support of NRDP)
<p>Measures</p>	<p>The analysis covers measure 4 (sM 4.1 and sM 4.1 ITI; sM 4.1.a and sM 4.1.a ITI), where beneficiaries belong to the cooperative or producer group category (identified in the monitoring system database, column "Legal entity"). Transition projects were taken into account in determining the number of beneficiaries, resources mobilized and sectoral coverage, but sampling was applied as a matter of priority to projects with new resources.</p> <p>In addition, the analysis includes sM 9.1 and 9.1a - Establishment of producer groups in the agricultural and fruit sector and sM 16.4 and 16.4a - Support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit sectors.</p>

QE6 - To what extent has the NRDP support contributed to increasing access to credit and introducing innovative ideas among small producers?

<p>Evaluation Criteria</p>	<ul style="list-style-type: none"> • Access to credit (eg. existing funding gaps, potential and actual contribution of the programme financial instrument, contribution of other instruments) • Increasing product innovation (actual or expected)
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EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

	<ul style="list-style-type: none"> Increasing process innovation (effective or expected)
Measures	The analysis includes projects supported by sM 6.3, 6.3 ITI, 4.1, 4.1 ITI, 4.1.a, 4.1.a ITI, 9.1, 9.1a, 16.4 and 16.4.a

2.4. Methodological limitations and challenges

The main difficulties encountered throughout the research activities were generated by the limitations associated with the national emergency situation declared because of the COVID-19 pandemic, which complicated the implementation of the on field activities, notably case studies. However, evaluators have, whenever possible, called for alternative solutions to the application of research tools, by using telephone or online means of communication or by collecting written responses from the involved key actors.

Regarding the online survey, conducted at the level of beneficiaries with projects funded by NRDP, the response rate was equal to or even higher than the initial values, estimated at the time of defining the methodological tools (further details can be found in Annex V. 9).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

3. Analysis of indicators and evidences collected during the evaluation activities

This chapter is organized in two main sections. The first section aims at analyzing the implementation stage of NRDP sub-measures, relevant for the present study, while the second section highlights the findings of the evaluation at thematic level, corresponding to each evaluation questions.

The first section (3.1) is built on a thorough analysis of data from the monitoring system (updated until December 2019) and uses the main information from the literature review and interviews conducted with MA, AFRI and financial intermediaries representatives. The analysis focuses on the sub-measures which have been identified as being relevant for this specific study, namely: sM 4.1, 4.1a, 6.3, 6.3ITI, 9.1, 9.1a, 16.4, 16.4a.

Thus, in a first phase, the logic of intervention of the sub-measures was analyzed, subsequently being highlighted the analysis of the relevant indicators for each sub-measure, as follows:

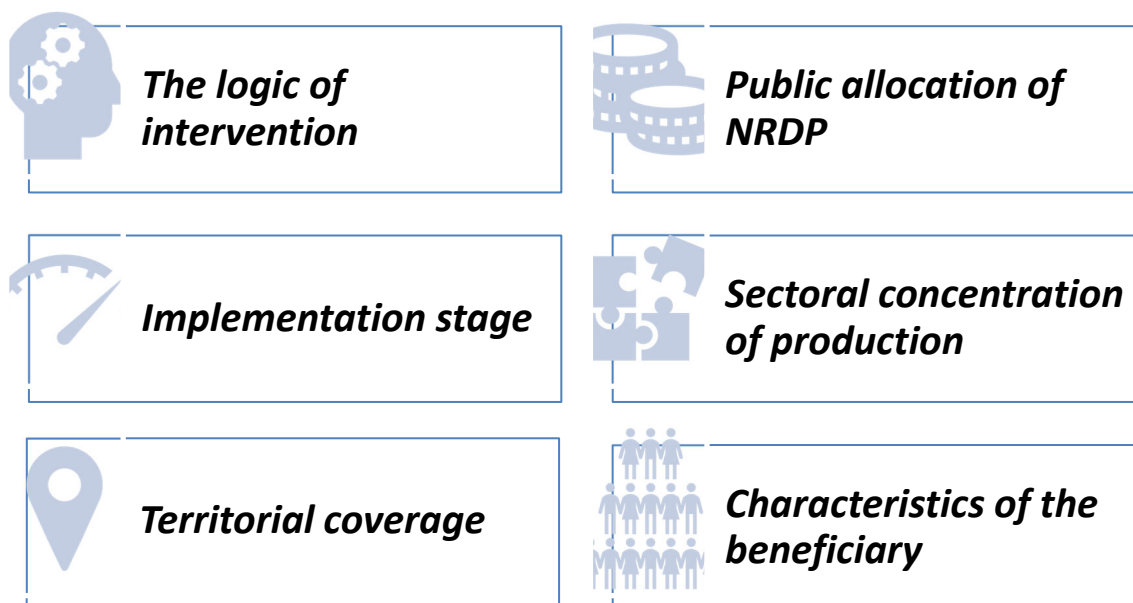
- Number of submitted applications, number of contracted and finalized projects for the relevant sub-measures;
- Total public expenditures (contracted value and value of payments actually made);
- Other categories of indicators, such as supported area (hectares), number of animals (headage / bee families / birds etc.) – if relevant and if the information is available.

Information on the number of projects contracted and completed, total public expenditure and the amount of total payments, as well as other indicators, are detailed taking into account three horizontal criteria: sectoral concentration of production, territorial coverage of projects and characteristics of the beneficiary.

- **Sectoral concentration of production** – it is cross-cutting defined across the sub-measures considering the specific domains of interest and information available in the monitoring system.
- **Territorial concentration of projects** - whenever information is available in the monitoring system (for sM 4.1, 4.1a, 6.3, 6.3ITI), the analysis of territorial concentration shows whether projects are in the mountain area, area affected by significant constraints, normal area, area affected by specific constraints. Alternatively (for sM 9.1, 9.1a, 16.4, 16.4a), the analysis illustrates the project regional or county localization, in order to describe the territorial concentration of the programme support and investments.
- **Characteristics of the beneficiary** - it refers to the age, sex, form of legal organization, number of farms involved and the form of association to which they belong (where applicable).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

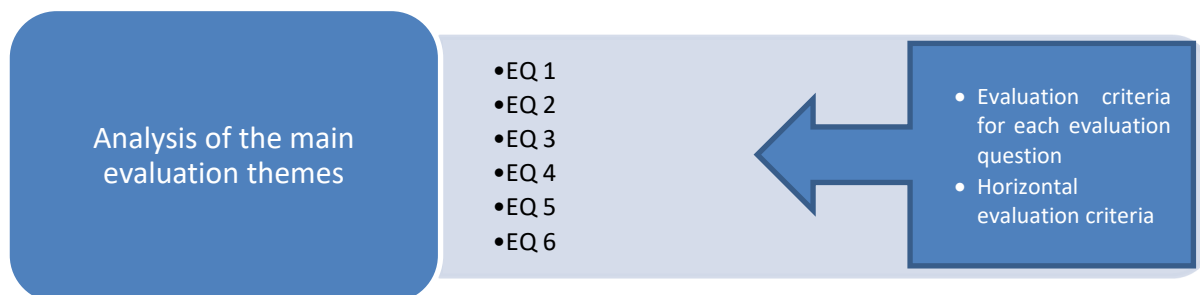
Figure 0-1 Distribution by level of the analyzes performed in section 3.1, for each sub-measure



The second section (3.2) highlights the findings emphasized by the research activities, such as interviews with representatives of the MA, AFRI, financial intermediaries, analysis of case studies, survey applied among beneficiaries and literature review.

The collected information is reorganized according to the evaluation themes corresponding to each evaluation question. Thus, the analysis is detailed based on the evaluation criteria as defined for each evaluation question and in relation to the horizontal criteria.

Figure 0-2 Analysis of each evaluation theme in section 2.2



3.1. Analysis of the implementation of relevant sub-measures

3.1.1 SM 4.1, 4.1a, 4.1 ITI



The logic of intervention - The support granted under the sM 4.1 "Investments in agricultural holdings" is addressed to all agricultural holdings, including small farms.

The support provided in compliance with art. 17 of Regulation (EU) no 1305/2013 refers to the improvement of the overall performance and sustainability of agricultural holdings.

The support is expected to improve the equipment and the technological endowments in order to increase labor productivity and quality of projects. New jobs need to be created to assimilate the labor in the (semi) subsistence agriculture, by promoting investments for the diversification of

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

agricultural activities (including processing, packaging and marketing of agricultural products) and investments in processing units. Smaller producers need better integration into the agri-food chain, as well as better integration into short supply chains.

This sub-measure aims at investments that lead to the improvement of the technical endowment level of holdings with potential to implement viable investment projects, that ensure the continuation of the modernization process - by modernizing agricultural infrastructure, technical equipment and machinery, improving assets quality, adopting Community standards, improving energy efficiency, improving soil management and diversifying agricultural production.

The main minimum eligibility conditions of sM 4.1 are the following:

- The investment must be made in a farm with an economic size of at least 8,000 SO (standard output value);
- The applicant must demonstrate that the investment is co-financed;
- The economic viability of the investment must be demonstrated on the basis of technical and economic documentation.

The main **expected results/benefits** of this sub-measure include:

- Increasing the competitiveness of agricultural holding;
- Increasing the diversification of agricultural production;
- Increasing the quality of the obtained products;
- Restructuring small and medium holdings and turning them into commercial farms;
- Compliance with Community standards applicable to all types of investments;
- Increasing the added value of agricultural products through on-farm processing of products and their direct marketing in order to create and promote integrated chains.



Programme budget allocation - The total NRDP public allocation for sM 4.1 is of 1,167 million euro divided as follows: 844.7 million euro to sM 4.1 "Investments in agricultural holdings" (72% of the total), 284.5 million euro to sM 4.1a "Investments in fruit-growing holdings" (24% of the total) and the last 4% divided to sM 4.1 ITI Danube Delta (33 million euro) and sM 4.1a ITI Danube Delta (5 million euro).

Given the significant financial allocation, it can be concluded that sM 4.1 is one of the most important measures of NRDP, representing 12.4% out of the programme total public allocation. Five project call sessions were organized at national level, of which four had a separate allocation for the family farm (one session in 2015, two in 2016, one in 2017 and another one in 2018). According to the legal status defined in GEO 44/2008, 47% of the beneficiaries belong to the categories of authorized natural persons, individual enterprises and family enterprises, and 53% belong to other categories of legal persons.



Project submission and implementation – 5,359 project applications have been submitted at the level of sub-measure 4.1, up to the end of 2019, divided as follows:

- 4,048 project applications under sM4.1,
- 1,170 project applications under sM4.1a,
- 132 project applications under sM4.1ITI,
- 9 project applications under sM4.1ITia.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

In the current programming period, a total number of 2,510 projects were selected for funding, of which 2,237 were contracted, 1,280 being finalized. Moreover, there are 137 projects from transition (M121), out of which 110 are completed.

Regarding the selected projects, compared to sM 4.1, at the level of sM 4.1a the situation is as follows:

- the absolute value of projects is about four times lower;
- the share of contracted projects from the total number of submitted projects is similar (almost 50%);
- there is a lower percentage of completed projects, out of the total number of contracted projects (almost five times lower).

Table 3.1-1 Submitted, contracted and finalized projects at sub-measures level

Sub- measure	No. of submitted projects	No. of selected projects	No. of contracted projects	No. of finalized projects	% no. of selected projects out of submitted projects	% no. of finalized projects out of contracted projects
Sub-measure 4.1 "Investments in agricultural holdings"	4,048	1,886	1,734	1,202	47%	69%
Sub-measure 4.1 "Investments in agricultural holdings - ITI Danube Delta"	132	52	49	25	39%	51%
Sub-measure 4.1a "Investments in fruit-growing holdings"	1,170	564	448	53	48%	12%
Sub-measure 4.1a "Investments in fruit-growing holdings - ITI Danube Delta"	9	8	6	0	89%	0%
Total	5,359	2,510	2,237	1,280	47%	57%

Sub- measure	Public allocation NRDP 2014-2020 (euro)	Value of submitted projects (euro)	% value of projects submitted out of the total allocated value	Value of contracted projects (euro)	% contracted value out of the total allocated value
Sub-measure 4.1 "Investments in agricultural holdings"	844,672,338	2,225,485,204	263%	875,246,447	104%
Sub-measure 4.1 "Investments in agricultural holdings - ITI Danube Delta"	33,000,000	56,160,669	170%	21,670,961	66%
Sub-measure 4.1a "Investments in fruit-growing holdings"	284,356,109	402,795,365	142%	231,361,093	81%
Sub-measure 4.1a "Investments in fruit-growing holdings - ITI Danube Delta"	5,000,000	4,923,015	98%	3,522,760	70%
Total	1,167,028,447	2,689,364,253	230%	1,131,801,261	97%

Source: Analyses of the evaluation team, elaborated based on monitoring data - NRDP implementation stage 2014-2020 (09-01-2020)

Among the main factors preventing the proper implementation of the sub-measures are: the natural conditions in the Danube Delta, which are not suitable for agriculture (compared to other areas in Romania), and the low experience of Romanian farmers in the fruit sector.

At the time of drafting the programme, the Managing Authority tried to reduce this weakness in the Danube Delta area by establishing eligibility criteria to allow farms access with only 50% of the land area located in an ITI area, the introduction of the fruit sub-programme having the aim of increasing competitiveness, diversifying production, increasing the quality of the products obtained and improving the overall performance of orchards in this area.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

The total number of projects submitted within the sM 4.1a ITI, at the end of 2019, was of only 9 projects, with a total value of 4.9 million euros (98% of the total value allocated to the sub-measure 4.1a ITI Danube Delta - lower share than in the case of other sub – measures of 4.1). The low level of submission can be attributed to the fact that some applicants for sM 4.1a did not consider accessing funds for the ITI area, but focused on areas more favorable to the fruit sector. In any case, the low interest for sM 4.1a can be explained by a much too optimistic estimation at the time of drafting the programme, not taking into account the significant development cleavage in the fruit sector.



Sectoral concentration of production – At the level of sM 4.1, most of the projects (more than 70%) targeting associative forms are focused on the agricultural branch of field crops and to a lesser extent, on horticulture and cattle breeding for milk / meat. More precisely, the 63 projects are distributed as follows: 47 projects in the field of “Crops”, 4 in “Horticulture”, 3 projects in the field of “Cattle breeding for meat”, 2 in “Cattle breeding for milk”, 2 projects in the field of “mixed crops”, 2 in the field of “poultry”, 1 project in “beekeeping” sector, 1, in “sheep and goat breeding”, 1 in “swine breeding” while the rest of the projects target other agricultural sectors.

Regarding small farms from the level of sM4.1, 10 of the 16 projects focus on field crops, 3 on the horticultural sector, and 3 other projects focus on areas such as beekeeping, mixed crops and beef cattle breeding.

In the case of sM4.1a, thanks to the “principle of the priority fruit species¹⁶” the following distribution of investments for small farms results: 35% of beneficiaries have done investment in shrubs (compared to 26% in the case of large farms), only 3% in peach tree (compared to the double percentage registered for large farms) - even if this typology gives maximum score - 10 points, 9% in apple tree (similar value for large farms), and 8% in cherry tree (13% in the case of large farms). However, the vast majority of beneficiaries (45%) decided to invest in different fruit species, without taking into account the positive score associated in the selection criteria.

Territorial coverage of projects – Most of the small farm beneficiaries of sM 4.1 (small farms and associative forms consisting of small farms were taking into account) are located in “Areas with severe restrictions”, while more than half of beneficiaries of sM 4.1a are located in “Normal area”. Given the characteristics of the mountain area, it is noted that, on average, the holdings located in this area cover smaller areas.



Table 3.1-1 Territorial coverage of associative forms and small farms within sM4.1 and sM4.1a

	sM 4.1 Associative forms			sM 4.1 Small farms			sM 4.1a Small farms		
	Number of farms	Total area (ha)	Average size (ha)	Number of farms	Total area (ha)	Average size (ha)	Number of farms	Total area (ha)	Average size (ha)
Area with severe constraints	41	11,671	285	9	314.49	34.9	19	110.7	5.8

¹⁶¹⁶ Selection criteria (CS1) P.1 The principle of the priority fruit species (peach, nectarine, apple, shrubs, apricot, cherry). The applicant accesses the support for the priority species of peach tree and/or nectarine tree and/or apple tree and/or shrubs and/or apricot and/or cherry.

- | | | |
|-----|--|------|
| (1) | Peach tree and/or nectarine tree and/or apricot tree | 10 p |
| (2) | Skrubs | 8 p |
| (3) | Cherry tree | 6 p |
| (4) | Apple tree | 4 p |

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

	sM 4.1 Associative forms			sM 4.1 Small farms			sM 4.1a Small farms		
	Number of farms	Total area (ha)	Average size (ha)	Number of farms	Total area (ha)	Average size (ha)	Number of farms	Total area (ha)	Average size (ha)
Area with specific constrains	0		0	0	0	0	0	0	0
Mountain area	13	2,319	178	2	3.24	1.6	20	85.7	4.3
Normal area	9	2,004	223	5	128.86	25.8	52	282.2	5.4
Total	63	15,994	254	16	446.59	27.9	91	478.5	5.3

Source: Author's elaboration of monitoring data at the end of 2019

Characteristics of beneficiaries – focus on small farms and associative forms



The analysis on the contracted projects indicates a limited number of associative forms, as well as a limited involvement of small farms in associative forms. Considering the legal form of farm organization, at the level of sub-measure, the farms can be divided into two groups: one in which the companies are the main form of farm management (sM 4.1 and sM4.1a) and the other where the owner is an individual, usually over 40 years.

Table 3.1-2 Characteristics of beneficiaries at contracted projects level

	Men ≤40	Men >40	Women ≤40	Women >40	Legal persons	Total
sM 4.1 Small farms	6	0	1	0	9	16
sM 4.1a Small farms	15	1	9	0	66	91
sM 4.1 Associative forms	0	0	0	0	63	63
Total	21	1	10	0	138	170

Source: Analysis of the evaluation team, elaborated based on monitoring data - The stage of implementation of NRDP 2014-2020 at the end of 2019

Young people - The incidence of young people at the level of sM 4.1 and sM4.1a is majority. This finding is directly connected with the area and the economic size of the farm and the possibility of increasing the production in the next years. In conclusion, the young people (up to 40 years old) were encouraged to apply under this sub-measures, by adopting proper selection criteria.

Projects contracted and implemented

- For what concerns associative forms, the selection criteria do not represent a problem, as they currently favor access to financing of cooperative forms. This trend was noted in the last call for projects under sub-measure 4.1, in which the applicants organized in cooperatives received an additional score. By using this additional score, cooperatives consisting of small agricultural holdings were especially favored.
- Therefore, the weakness factor in terms of access for funding is represented by the low number of associative forms in Romania and not by the way in which obtaining funding through NRDP was stimulated. According to the data of National Trade Register Office (NTRO), in 2018 there were approximately 230 active cooperatives in Romania (about 200 are covered by the NRDP financing) and 1000 inactive cooperatives. In addition to the support of the NRDP, recent legislative changes have facilitated the establishment of cooperatives and offered tax facilities such as tax relief.
- In what concern the small farms, a major, but positive limitation, is given by the eligibility criteria of sM 4.1 that consider 8000 SO to be the minimum level for accessing funds, while for sM4.1a the minimum level is of 4000 SO.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- The number of completed projects, whose beneficiaries fall into the category of small farms or associative forms is very small, representing only 12% of the total number of contracted projects. The finding is also confirmed by the comparative analysis of this value with the share of the total number of completed projects, with beneficiaries from all eligible categories - 57% completed projects from the total number of contracted projects.

Table 3.1-2 Finalized projects – small farms and associative forms at sM4.1 level

	Total contracted projects	Total finalized projects	Share of finalized projects (%)
SM 4.1 Small farm	16	8	50%
SM 4.1a Small farm	91	11	12%
SM 4.1 ITI Small farm	0	0	0
SM 4.1a ITI Small farm	0	0	0
sM 4.1 Associative forms with small farms	63	2	3%
sM 4.1a Associative forms	0	0	0
sM 4.1a ITI Associative forms	0	0	0
sM 4.1 ITI Associative forms	0	0	0
Total	170	21	12%

Source: Analysis of the evaluation team, elaborated based on monitoring data - The stage of implementation of NRDP 2014-2020 at the end of 2019

The value of the contracted public expenditures is of 118,482,640 euros (551,043,651 lei) of which 3% (3,936,558 euro) represents the amount of expenditures registered by sM 4.1 – small farm, 22% (26,137,365 euro) expenditures for sM 4.1a – small farm and 75% (88,408,717 euro) the amount registered by sM 4.1 - associative forms.

At the level of single project it is registered an average value of expenditures of 246,035 euros, in the case of sM4.1 – small farm, similar to the value registered for sM 4.1a – small farms (287,224 euro), but lower compared to the average value of expenditures for associative forms within sM4.1 (1,403,313 euro).

Supported surface (ha) – Even if under the sM 4.1 are only 16 small farms beneficiaries, they cover a similar surface (446.59 ha) with the one of the 91 small farm under the sM 4.1a (478.49 ha). Moreover, the average area of holdings within sM 4.1 is about five times greater than the average registered by the holdings within sM 4.1a. In what concerns the associative forms of sM 4.1, the total surface is obviously more significant, the equivalent of 15,994 ha with an average of 284 ha per holding.

3.1.2 SM 6.3, 6.3 ITI



The logic of intervention – Small and family farms are part of the current specificity of Romanian agriculture.

Small farms cannot be considered a weakness, as it is necessary to understand the role of small businesses and other key actors in the agri-food chain and their ability to remain



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

integrated in regional markets and therefore to maintain and improve their contribution to food and nutrition security¹⁷.

The importance of small farm has been underlined on many occasions in international fora, such as the Committee on World Food Security (CFS).¹⁸

Many small farms are associated with production for their own household food needs and with a low degree of market participation. In European Union, consider the data of 2016, there were 4.2 million of semi-subsistence farms (defined as "holdings from which less than 50% of the agricultural output is sold, the rest being consumed within the farm household"), representing almost half of the total number of farms, being registered a decrease of 39% compared to 2010. The majority of the semi-subsistence farms are in Romania (67%), followed by Italy (7%), Poland (6%), Hungary (6%) and Greece (3%).

Also, small farms play an important role in the wider rural economy. A significant number of small farmers engage in other gainful activities that may be particularly important for their household livelihoods and in addition generate welfare for the non-farm population and economy and help to maintain rural populations in remote areas. However, the age and sometimes limited skills of many small farm holders reduce their production potential (Davidova et al., 2013).

According to MARD data related to 2016, the average size of a holding was of 3.65 ha LUA/farm, increasing with 0.15 ha LUA/farm comparing to 2010. This was 4.5 times smaller than EU 28 (16.6 ha LUA/farm). In 2016, in the category <8000 euros SO were 3,236,060 holdings (94.57% of all holdings) from which 2,333,210 were from the <2000 euros SO category.

The support granted for small farms development, under the sM 6.3, is a tool meant to determine mainly the structural transformation and opening to market of the small farms as well as the increase of their capacity to identify new opportunities for the capitalization of the production.

The support granted aims to improve the quality of production and to ensure the endowment needed in order to adopt appropriate quality standards, streamlining costs and increasing income. It is also supported the diversification of the agricultural production for the marketing and supply of products on the local markets.

The eligibility conditions that the agricultural holding must meet in order to access sub-measure 6.3 are the following:

- The applicant falls into the category of micro and small enterprises;
- The agricultural holding is registered, according to the national legislation, with at least 24 months before applying for support;
- The applicant presents a business plan;
- The applicant has his permanent domicile and registered office in the Territorial Administrative Unit in which the holding is registered. If the applicant is employed, the place

¹⁷ SALSAs research project aims to provide a better understanding of the current and potential contribution of small farms and food businesses to sustainable food and nutrition security in 25 regions of Europe and 5 other regions in Africa <http://www.fao.org/in-action/small-farms-businesses-sustainable-food-nutrition/en/>

¹⁸ www.fao.org/cfs/cfs-home/plenary/cfs43/en/



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

of work must be in the same TAU or adjacent area of the TAU where the holding for which the grant is requested is registered;

- Before the second payment tranche, the applicant proves the improvement of holding economic performances, by own production marketed in percentage of minimum 20% of the value of the first payment tranche.

The main **expected results/benefits** of implementing sM 6.3 are the following:

- Improvement of the agricultural holding management;
- Stronger market orientation: adaptation of the production to market requirements and consumer's preferences.

However, literature review highlights that the benefits of small farms are also connected to diversified production and a significant contribution to regional food security.

For many small farms in Eastern Europe, agriculture is rooted in their cultural heritage. Their continued existence in rural area assured the preservation of specific culture. Besides maintaining diversity in rural economy, they preserve regional recipes and food diversity, and their farming practices still involve traditional techniques that conserve the environment (SALSA Project). The importance of small farms for rural sustainability in Europe has been demonstrated in numerous studies (Shucksmith and Rønningen, 2011; Grubbström and Sooväli-Sepping, 2012; McDonagh et al., 2017), including the continued role as food provider for the farm household in many regions (HLPE, 2013; Tudor, 2015). Furthermore, different case studies have shown that small farms are efficient in mobilizing resources (beyond those pertaining to farm commercialization through market exchange), such as social capital, local knowledge and cultural heritage (Knickel, 1994; van der Ploeg, 2013; Šūmane et al., 2017). Small farms contribute to maintaining biodiversity¹⁹, through the ecological diversity they develop (Marini et al., 2009; Babai et al., 2015; Konvicka et al., 2016). Additionally, they are more straightforward to achieve trade-offs in the landscape (Bezák et al., 2007) playing, for example, a key role in fire and soil erosion prevention by maintaining meadows and pastures in mountain areas (e.g. Tasser et al., 2003; Höchtl et al., 2005)²⁰.

The small farm also contributes to agro-biodiversity and the diversification of local indigenous varieties. The analyzes performed reporting the score obtained by the small farm to the total number

¹⁹ In 2009, Marini studied biodiversity considering the impact of farm size and slope on plant, orthopteran and butterfly diversity in 132 hay meadows in a region of the Italian Alps. In the study he discovered that the diversity of plants, orthopterans and butterflies declined with management intensity at the field scale, which mainly depended on farm size and grassland topography.

In 2015, Babai studied the High biocultural diversity in landscapes where farming practices have preserved diverse habitats and many 'traditional' cultural features. He studied two such cultural landscapes (Gyimes—Romania; Órség—Hungary). He founded that extensive farming was not given adequate weight and explicit function in the regulatory frameworks either in the landscape where traditional farming is still actively practiced, or where it has mostly vanished and/or was transformed. Of the 25 traditional management elements documented in Gyimes, regulations affected seven components directly, and one more indirectly. Four of these impacts were negative and four were positive.

In 2016 Konvicka studied the relationship of biodiversity with farm size, recording butterflies in an intensively farmed region along the border of two European countries with contrasting socioeconomic heritage, one with small farms (Poland), the other with huge farmed units (Czech Republic)

²⁰ http://www.salsa.uevora.pt/wp-content/uploads/2020/03/SALSA_GENERAL_POLICY_en.pdf

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

of beneficiaries sM 4.1 with the selection criterion P.8 - The principle of local varieties²¹, which shows that the incidence of small farms with local varieties is 73%, while this value decreases to 18% compared to the total number of beneficiaries.



Programme budget allocation – The total NRDP public allocation to sM 6.3 is 251 million euro of which 5 million to 6.3 ITI Danube Delta. Considering the budget allocation, the sM 6.3 covers about 3% of the total NRDP public allocation. At the end of 2019 the value of submitted projects on sub-measure 6.3 in the Danube Delta was of 68% of the financial allocation, respectively 3.39 million euro from the 5 million of programme budget allocation. In any case, the unused resources were reallocated to the call for proposals organized for sM 6.3 at national level.



Project submission and implementation – 20,605 project applications have been submitted for sM 6.3 by the end of 2019 plus 226 project applications under sM6.3 ITI Danube Delta.

- In the current programming period, 11,743 projects have been selected, 11,639 contracted, of which 3,764 finalized. Moreover, there are 15,477 transition projects contracted (M141), of which 14,548 finalized. Compared to the project under M141 of the previous programming period, the sM 6.3 has a very low number (17) of canceled projects compared with the 5,673 projects cancelled²² coming from M 141.
- Within sM 6.3 ITI Danube Delta, the number of selected and contracted projects is approximately the same - 187 contracted projects and 188 selected projects, while 29 projects are completed.
- The contracted project under the sM 6.3 plus the transition projects of the previous programming period, are 27,116. Thus, an extremely high number is registered compared to the other sub-measures. At the same time, it is noted that the projects from the current programming period (11,639) occupy a share of 43% of the total number of 27,116.
- The main difference from the projects in transition is the amount eligible for individual farms. If in the case of M141 a different financing was granted, of 7,500 euros (1,500 euro/ year / semi-subsistence farm, for a period of five years), at the level of sM 6.3 the amount was set at 15,000 euros / farm. Other differences are related to eligibility conditions. The conditions related to sM6.3²³ are more specific and refer to the establishment of a small farm, while the conditions

²¹ The projects that obtained a score of five points for this selection criterion were taken into account, in which the applicants demonstrated through the project that they obtain / develop local varieties at the farm level and demonstrate through the technical-economic documentation that they will preserve and develop the nucleus. local varieties throughout the project implementation period

²² The accessing rules of sm6.3 are different from those of M141, therefore the large number of canceled projects in this case.

²³ Eligibility conditions related to sM 6.3 are: The applicant must fall into the category of micro and small enterprises; The applicant owns an agricultural holding with an economic size between € 4,000 - € 11,999 SO (standard production value); The agricultural holding is registered, according to the national legislative provisions, at least 24 months before the request for support; The applicant presents a business plan. The applicant did not receive previous support through this sub-measure from NRDP 2014-2020; An agricultural holding can receive support only once under this sub-measure through NRDP 2014-2020, in the sense that the holding cannot be transferred between two or more farmers, beneficiaries of support through this sub-measure; In the case of the fruit sector, only eligible species and areas included in the Annex of the National

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

related to sM 141²⁴ are less specific and concerned already existing farms.

Among the main factors that prevent the proper implementation of the sub-measure, we find the natural conditions of the ITI Danube Delta area, which do not facilitate the agricultural activities. At the same time, a large part of the funds was absorbed by the beekeeping sector, one of the agriculture sector with the greater economic possibilities in the ITI Danube Delta area, and also for the small farm in general. Regarding the sM 6.3 implemented in the territory of ITI Danube Delta, it is important to mention that the forecasts for this sub-measure were optimistic considering the low number of small farms in this area and the large potential of tourism and other non-agricultural activities.

Sectoral coverage of production – Honey production is the activity carried out on a large scale by small farms - either as a separate activity or together with other agricultural activities. This was partially incentivized by specific selection criteria, the beekeeping sector being identified as priority sector within the socio-economic analysis, together with the livestock of cattle, goats and sheep. The large number of these projects is due to the fact that the two activities are traditional for the agricultural sector of Romania. Therefore, the beneficiaries have submitted projects on activities in which they are already familiar/specialized.



Specifically, in the case of sM6.3, most projects are concentrated in two main sectors: mixed crops, which cover 40% of the total number of projects, and the beekeeping sector, which covers a share of 32%, to which is added, in a lesser extent field crops (9%), dairy cattle breeding (7%) and permanent crops and horticulture (both with a share of 5%), while all other typologies have an incidence of less than 1%.

At the level of sub-measure 6.3, the apiculture activities are among the few agricultural activities that can be carried out with an optimal economic profitability but the high number of contracted projects is giving also by the orientation of farmers, already experienced in accessing funds through other programmes, such as National Apiculture Programme (NAP). The NAP is financed through FEAGA and the two programmes (NAP and NRDP) are complementary (the eligible actions are different)²⁵, the

Implementation Framework for STP will be considered for support. Crops in greenhouses and solariums and nurseries are not subject to zoning in the related STP annex. The implementation of the business plan must start no later than nine months from the date of the decision to grant support; In the case of projects within the scope of the ITI Danube Delta, the applicant will present the approval of compliance with the objectives of SIDD DD.

²⁴ The eligibility conditions related to M 141 are: The beneficiaries eligible for the non-reimbursable support granted by Measure 141 are natural persons up to 62 years of age (not fulfilled at the date of submission of the Financing Application), who carry out economic activities, mainly agricultural activities and whose agricultural holding: has an economic size between 2 and 8 ESU; is located in the country; is registered in the Unique Identification Register / Agricultural Register; sells part of the agricultural production obtained. Individuals may carry out economic activities and may register and authorize in accordance with the provisions of Government Emergency Ordinance no. 44/2008, with subsequent amendments and completions: individually and independently, as authorized natural persons; as sole proprietors of an individual enterprise; as members of a family business. However, the unauthorized natural persons at the date of submitting the Financing Application, could be eligible beneficiaries of this measure, if they registered and authorized themselves under the conditions of the Government Emergency Ordinance no. 44/2008 until the date of concluding the Financing Agreement with APDRP (Paying Agency for Rural Development and Fisheries).

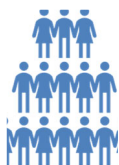
²⁵ The applicants / beneficiaries of the Programme can simultaneously access support through the flat-rate agricultural financial support measures from the National Rural Development Programme - NRDP 2014-2020, namely through sub-measures 6.1 "Support for the installation of young farmers", 6.3 "Support for the development of small farms", provided that the actions supported and / or planned and proposed for financing by beekeepers through NRDP 2014-2020 are not requested by the approved National Apiculture Programme and vice versa. The condition applies from the moment of requesting the support through NRDP 2014-2020, and the list of expenses established by the beekeeper through the business plan submitted to NRDP 2014-2020 becomes ineligible through the Programme for the respective applicant. The above restriction does not apply to applicants accessing sM6.1 / 6.3 of NRDP 2014-2020 for expenses that are not eligible through the Programme. (<https://www.madr.ro/programul-national-apicol.html>)

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

beneficiaries having the opportunity to finance their projects on apiculture using funds from both programmes.



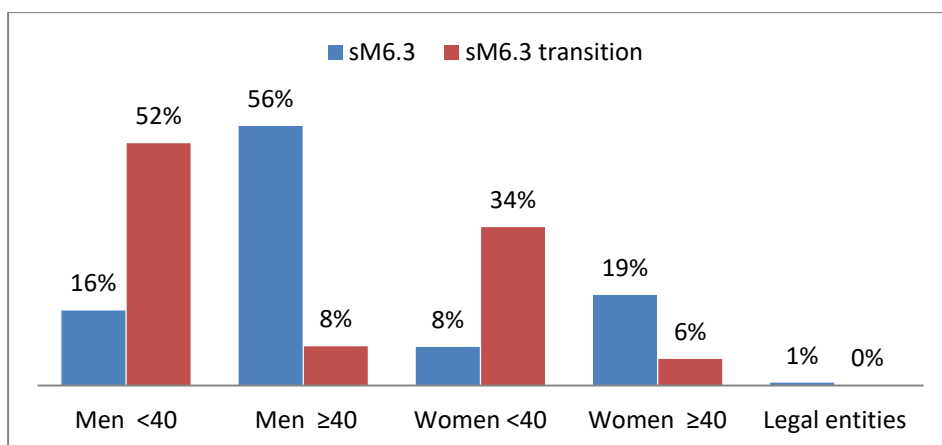
Territorial coverage of projects – About one half (47%) of small farms beneficiaries of sM 6.3 are located in normal area, 36% are in mountain area, and 16% in areas with severe constraints, while only the 1% in areas with specific constraints.



Characteristics of the beneficiaries - Compared to the previous programming period, the incidence of young beneficiaries (younger than 40 years) on the total of beneficiaries has decreased from over 85% to 24%. At the same time, the share of young beneficiaries (younger than 40 years) at the level of sM 6.3 and sM6.3 ITI is almost the same.

The justification is that in the case of sM 6.3 the selection criterion according to which the access of young farmers was stimulated, was eliminated. Currently, the focus is on other key issues, such as: the qualification of farmers, priority sectors of activity, the agricultural potential of the area - considered more efficient to meet the strategic objectives of NRDP 2014-2020.

Figure 3.1-1 Characteristics of beneficiaries of contracted projects within sub-measure 6.3 and of transition projects



Source: Analysis of the evaluation team, elaborated based on monitoring data - The stage of implementation of NRDP 2014-2020 at the end of 2019

The total contracted public value in case of sM6.3 is higher than 174,5 million euros (more than 800 million LEI) while in the case of sM6.3 ITI is 2,801,250 euro. At level of single project the average value is of 15,000 euro, five times bigger than the average of about 3,000 euro that was given to M 141 in the previous programming period. The total eligible surface under the sM 6.3 is of 42,497 hectares with an average of 3.6 hectares for single farm, more than the double of the average surface registered for the holdings within sM6.3 ITI.

The average area of farms does not register different values depending on the types of areas in Romania: 4.4 hectares in the mountain area, 3.2 hectares in the normal area, 3 hectares in areas with significant constraints.

The exception is the areas with specific natural constraints where the lowest incidence of small farms is recorded, the average area of holdings being of 1.6 ha, similar to the values recorded in the ITI Danube Delta (sM 6.3 ITI).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**3.1.3 SM 9.1, 9.1a**

Logic of intervention - Associating agricultural producers represents a key Romanian development challenge considering the farmer's reluctance to networking and cooperation, the national farm structure and land concentration²⁶. Producer groups can ensure a larger scale and stronger capacity to compete on the markets. However, producer groups are relatively few and have been growing only recently in Romania.

According to MARD data, in 2019, there were 72 recognized producer groups (PGs), and 23 producer organizations. Within the period 2014-2019, MARD recognized the following producer groups: 14 PGs for fruits, 4 PGs for vegetables, 35 PGs for vegetables (cereals, oilseeds, legumes, fodder plants), 2 mixed (vegetables, fruits, cereals), 1 PG for wood, 16 PGs for livestock (7 for milk and dairy products, 2 for poultry meat) and eggs, 2 for pork, 2 for beef, 3 for honey and bee products)²⁷.

SM 9.1 was defined according to the article 27 of the UE Regulation nr. 1305/2013 in order to reinforce the Romanian farming sector and make it more competitive and productive by addressing one of its major structural weaknesses as the dual organisation of farming - small farms representing the vast majority of farms but using a relatively small portion of the land - and the reluctance and low interest to associate. Supporting producer group associations could represent an opportunity to increase productivity and growth (in particular for the fruit sector), capitalisation and competitiveness building on the experience of measure 142 from the 2007-2013 period. Moreover, sM 9.1a was designed to address specifically the fruit sector.

SM 9.1 and 9.1a were launched according to the legislation in force (Government Order no. 37 14th July 2005) as completed and modified by the law 338/2005. The recognition conditions for a producer groups are:

- to consist of at least five members (e.g. farmers and/or forest holders);
- to have a centralized system of accounting, billing, registration and quantitative, qualitative, and value tracking of the members' production;
- to hold qualified personnel or to contract specialized services;
- to have in the constitutive act and/or statute provisions on the obligations of the members.

For the recognition of the agricultural producer capacity, according to the provisions of Law no. 145/2014 and Law 170/2017, only a producer certificate and a marketing certificate are required.

The main **expected benefits** of sM 9.1 are the following:

- Easier sales of local production;
- More competitive (stronger bargaining power) small farms in particular in the fruit sector;
- Stronger integration of agri-food producer supply chains;

²⁶ See Popescu A., Alecu I.N., Dinu T.A., Stoian E., Condei R., Ciocan H. (2016), "Farm structure and Land Concentration in Romania nadn the European Union-s Agriculture" .5th International Conference "Agriculture for Life, Life for Agriculture".

²⁷ In 2017, the concentration of agricultural producer groups at county level was moderate as calculated by Gini Strucks Index. 72% of the groups were related to crop production and 28% to animal production. In terms of concentration, Romania was in the middle between the high concentration of agricultural cooperatives and groups in the European Union and the low concentration in the Central Eastern European countries (Bulgaria, Croatia, The Czech Republic, Greece, Hungary, Poland, Romania, Slovakia, Slovenia) Schin G., Virlanuta F., Stanciu S. (2017), The Association of Agricultural Producers – National and European Perspectives.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Stronger adaptation of the production to market requirements and consumer's preferences.

However, literature review highlights that the possible **benefits of the association usually appear in the medium and long-term**, while partners have to cope with the burdens induced by changing the work style in the early phase of the association²⁸. In this regard, business plans can represent a key reference to define roles and expected benefits for partners²⁹. Various contribution from the literature, however, state that **business plans are not always realistic** due to the lack of specialized consultancy and to the frequent changes of the legislative framework, which make the plan difficult to implement. In this regard, the late implementation of M2 has not contributed to accelerating the implementation of sM 9.1 and 9.1a, elaborating qualitative business plans, providing the necessary knowledge, increasing awareness on business management and potential of association. In the last years M2 started to give some effects. 7 contracts are under implementation, for providing "Advice to agricultural producers for the establishment and development of associative forms in the agricultural sector" through which 10,000 agricultural producers will be advised and a number of 350 associative forms will be established (cooperatives and cooperative societies) with elaborated business plans, of which: at least 8 groups of agricultural producers whose recognition files have been drawn up according to the national legislation in force, including business plans.

Moreover, literature review allows identifying factors influencing the formation and survival of producer groups³⁰. The keys to viable cooperation are the degree of **performance of the actions and their profitability** as well as the **stable legislative environment** ensuring clear access to funding³¹. In this regard, it is noticeable that the legal framework for producer groups have been affected by major changes in the last decade which has not favored the producer group development (*see below on project submission and implementation*). Another factor hindering the formation and the survival of producer groups is the **competition with import productions**. On the opposite, the **younger age of the farmer** is the higher the probability to be open to change, innovation and thus to associate with other partners in order to be more competitive on the market.



Programme budget allocation – The public allocation of NRDP for sM 9.1 is about 14.7 million euros, and for SM 9.1a (fruit-growing sector), about 5.3 million euros. In total, this represents 0.21% of the total public allocation of NRDP. At national level, three project submission sessions were organized (one each year, respectively in 2016, 2017 and 2019).



Submission and implementation of the projects – 44 project applications have been submitted for sM 9.1 at the end of 2019.

- 10 projects have been selected and contracted, of which 1 finalised with new resources. Only 3 projects have been submitted for sM 9.1a, but none has been contracted. While the value of submitted projects is slightly higher than the allocation in sM 9.1, it is lower than the allocation (1/3 approximately) in sM 9.1a. However, another call

²⁸ Luca, L. Toderița, A. (2012), "Why Is Association Not Attractive?" Thematic Publication CRPE Policy Brief no.14. 2012.

²⁹ See in particular Bozgå, I.; Bozgå, A.N.; Cristea, A.; Nijloveanu, D.; Tita, V.; Crucea, C.; Gheorghe, N (2016). This study assesses the degree of Satisfaction of Romanian Farmers Who Accessed Agricultural Consulting Services.

³⁰ Florea A.M., Capatina A., Radu R.I., Serban C., Boboc M.G., C. S. Dinca, Munteanu M., I.M. Dumitriu, Stanciu S. (2019), "Limiting Factors that Influence the Formation of Producer Groups in the South-East Region of Romania: A Fuzzy Set Qualitative Comparative Analysis (fsQCA)".

³¹ See "Ertimur, B.; Venkatesh, A. Opportunism in co-production: Implications for value co-creation. Australas. Mark. J. 2012".

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

is expected to be launched at the beginning of 2020.

- Moreover, there are 33 transition projects (M142), of which 27 finalised.

The main factor hindering the sub-measure implementation is the regulatory framework, which has improved, but is still challenging with regards the accreditation and rules for expenses.

In particular, the accreditation of producer groups foresees a long process. After submitting the documentation for the recognition of the group to the Ministry of Agriculture and Rural Development (including a business plan), the monitoring process of the group starts and lasts for a period of three years, during which the group must fulfill the production plan marketed within the framework of the business plan submitted. All members of the group must market their products through their producer group. Moreover, each producer group must have a share of 75% of production in a given area. Thus, the conditions that beneficiaries must meet during this time period are sometimes difficult to reach.

The legislative framework on the accreditation process has even more affected the fruit sector, in which there was no producer group when sM 9.1a was launched. The national legislative framework has complicated the formation of producer groups in the fruit sector compared to the previous programming period, when it was possible to finance together the vegetable and fruit sectors, while now they are financed separately. This imposes a new limitation for producer groups, because managing projects only in the fruit sector is more difficult and the investment from an orchard is more difficult to recover. The establishment of producer groups only in the fruit sector started late, when the measure was launched. Therefore, it took a period of three years to obtain accreditations for producer groups in the fruit sector, this new perspective transforming previously formed groups into ineligible beneficiaries, being forced to resume the accreditation process. On the other hand, a positive aspect is that more emphasis is placed on developing the fruit sector by establishing producer groups only in this sector. Therefore, there is a possibility that the fruit sector will be more attractive in the future.

Another restrictive factor on sM 9.1 that discouraged potential beneficiaries was the change of approach regarding the settlement of producers groups' expenses. If in the previous financial period of the European Union, 5 years of assistance for producers could be settled, regardless of the period in which a contract was signed with AFIR, the current program no longer offers this option. For example, if the producer group received the accreditation in 2000, and the contract with AFIR was signed in 2003, then AFIR could have reimburse the group's expenses for the 3-year period that has elapsed since the moment of accreditation and signature of the contract. This facility is no longer available in the current financial year. Thus, the amounts to be received being lower and the past activities remaining unfunded, the attractiveness was also lower.

The **average contracted value for each group** is some euro 367000 for the new projects, while it is almost 1/3 (126 000 euro) for the transition projects

Sectoral coverage – Most new and transition projects are concentrated in “culture de camp” and to a lesser extent regard “swine”, “cattle breeding”, “bees”. More precisely, the 10 new projects are: 6 projects in “crops”, 2 regard “swine”, 1 “cattle breeding for milk”, 1 “bees”. Of the 33 contracted transition projects, 19 are in “crops”, 3 regard “swine”, 3 “cattle breeding for meat”, 2 “bees”; 2 “poultry”, the remaining projects regard other agricultural sectors.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020



Territorial coverage – New and transition projects show similar values for the most represented sectors. Projects in “crops” are more widespread in all the Romanian regions, while in “swine” are in South-East region and North-West region and “bees” in South-East region and in South - Muntenia region.

Characteristics of beneficiaries – Compared to transition projects, the other projects:



- cover on average a smaller number of exploitations for each group (almost four times smaller),
- have a greater average contracted value (almost 3 times greater) and turnover per exploitation (almost 2,5 times greater),
- have paid a larger amount of contracted public value also being more advanced.

More precisely, contracted new projects cover 87 exploitations (8,7 exploitations for each group) for a total turnover of 79,46 million euro (913 thousand euro for each exploitation on average) and mobilize some 3,67 million euro of contracted value (42 thousand euro each exploitation) of which 1,9 million euro have been already paid. Contracted transition projects cover 1074 exploitations (32,5 exploitations for each group) for a total turnover of 420,6 million euro (391,6 thousand euro for each exploitation on average) and mobilize some 4,17 million euro of contracted value (3,9 thousand euro each exploitation) of which 2,69 million euro have been already paid.

3.1.4 SM 16.4, 16.4a



Sub-measure rationale - sM 16.4 supports horizontal and vertical cooperation between supply chain actors in the country, while 16.4a supports horizontal and vertical cooperation between supply chain actors in the fruit sector.



Programme budget allocation – The NRDP public allocation for sM 16.4 corresponds to some 10 million euro and for sM 16.4a (fruit sector) to about 8,7 million euro. Altogether, this represents 0,2% of the total NRDP public allocation.



Project submission and implementation – For 16.4, 266 projects have been submitted, 60 selected. At the end of 2019, 50 projects were contracted and 7 finalized for a total of 1,6 million of payments. During the same reference period, 8 projects were canceled. Within SM 16.4a, 79 submitted projects were registered, out of which 22 were selected, 21 contracted and one project was completed. The payments made in total amounted to 658,000 euros.

At the end of 2019, the total contracted value for sM 16.4 was 4,6 million euro, less than a half of the programme public allocation and for sM 16.4a 1,98 million euro less than 1/3 of the programme public allocation. The average contracted value for project is similar between sM 16.4 and sM 16.4a, being about 92,000 euro for the first and 94,400 for the second sub-measure.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Table 3.1-3 Implementation stage of sM 16.4 and 16.4a at the end of 2019

SM	Selected projects		Contracted projects						Payments made
			Contracted projects (under implementation and finalized)		Finalized projects		Terminated projects		
	No.	Value	No.	Value	No.	Value	No.	Value	
16.4	60	5.728.359	50	4.604.329	7	607.958	8	768.985	1.610.824
16.4a	22	2.122.246	21	1.984.107	1	95.658	0	0	658.844

Source: Data of the program monitoring system (09.01.2020)



Sectoral coverage – In terms of sectoral coverage, while projects of sM 16.4a regard the fruit sectors, most sM 16.4 projects do not indicate a clear reference to a single sector. Among the projects indicating a sector, the most frequent are vegetables and beekeeping or bee products.

Projects can be also grouped by type of investments promoted. 50 contracted projects in sM 16.4 are divided as follows:

- 8 aims at establishing and developing short supply chains,
- 2 have as objective the establishment and development of local markets, and
- 40 aim at setting up and developing local markets exclusively through short chains.

21 contracted projects in sM 16.4a have a similar distribution to sM 16.4, detailed here below:

- 4 have as objective the establishment and development of short supply chains,
- one project aims at establishing and developing local markets, and
- 16 projects aim at establishing and developing local markets exclusively through short chains

Territorial coverage – The implementation of sM 16.4 shows a strong territorial concentration.



- South-East region and Bucharest – Ilfov regions are the least represented with one project each. Most frequently represented region is the North-West region with 26 of the total 50 projects. What is remarkable is that 19 of 26 projects in North-West region are concentrated in Cluj county, which hosts 38% of the projects supported in sM 16.4 The other regions have intermediate position.
- The two projects of “Establishment and development of local markets” are in South East and in South-West Oltenia regions. The other two typologies of projects are more spread across all the regions.
- The vast majority of sM 16.4a projects (13 of 21, of which 10 are in Cluj county) are in South East Region as in sM 16.4. What is even more peculiar of the implementation is that about 9,9% of the total contracted values of the sum of both two sub-measures is concentrated in three beneficiaries in Cluj county. Indeed, three entities (Napoca Porolissum Association LAG Association, Poarta Apusenilor LAG Association and the University of Agricultural Sciences and Veterinary Medicine of Cluj Napoca) have in total 7 projects between the two sub-measures covering 9,9% of the total contracted budget of the two sub-measures. These entities receive the support for the fruit sector in sM 16.4a and in other sectors in sM 16.4. There are no

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

projects in regions 1, 4, 5, 8 for sM 16.4a

Characteristics of beneficiaries – The corporations established with sM 16.4 contracted projects involve 288 partners of which 48% are farmers (139), for a total amount of 130 exploitations. In terms of leadership of the corporations 20% are farmers (10 of 50), while 15 are micro-small companies and 15 NGOs, there rest are public entities or similar (e.g. Local Councils, schools, sanitary units, leisure and public catering units).



- A similar situation applies to sM 16.4a where 43,5% of the partners (47 of 108) are farmers, 5 of 21 project leaders are farmers (20%). In this regard, it is important to highlight that selection criteria (notably selection criterion n.2) promote the **participation of these types of entities** (e.g. local councils, NGS, schools etc) awarding a higher score, but do not foresee any similar scoring for small farmers.
- **Selection criterion n.1 gives a higher score to project having more partners.** The score is higher when the project is lead by NGOs, Local councils, school, health schools with public agreement or contribution rather than farmers, small enterprises and microenterprises. This is probably due to the contribution of selection criterion n.2 and to the capacity of institutions to mobilize more actors.
- **Selection criterion n.4 gives a higher score for the cooperation units producing their effects on local markets.** The analysis of the contracted projects shows that the principle of promotion of local markets does not go hand in hand with the fact that farmers are leader of the project. Indeed, the selection criterion n.4 has a lower average value, in both sM 16.4 and 16.4a, when there is a farmer as leader of the horizontal cooperation. Therefore, when a project has a farmer as a leader of the cooperation is relatively less likely to contribute to local markets according to what emerges from the contracted projects.

3.2 Analysis for the main evaluation themes

This paragraph reports the analysis for the six themes of evaluation corresponding to the six evaluation questions. For each evaluation questions, the specific analysis is detailed at the level of the evaluation criteria showing the specific sub-measure contribution.

3.2.1 Improving overall performance of the small agricultural holdings - EQ 1

Reducing land abandonment

The data collected through the survey supplement the information from the monitoring system with a series of findings. These evidences are related mainly to the social conditions of the beneficiaries and farm performance before and after the NRDP financing. The representativeness of the survey sample (see Annex V.9) ensures a stronger validity of the evaluation findings with a higher potential for generalization.

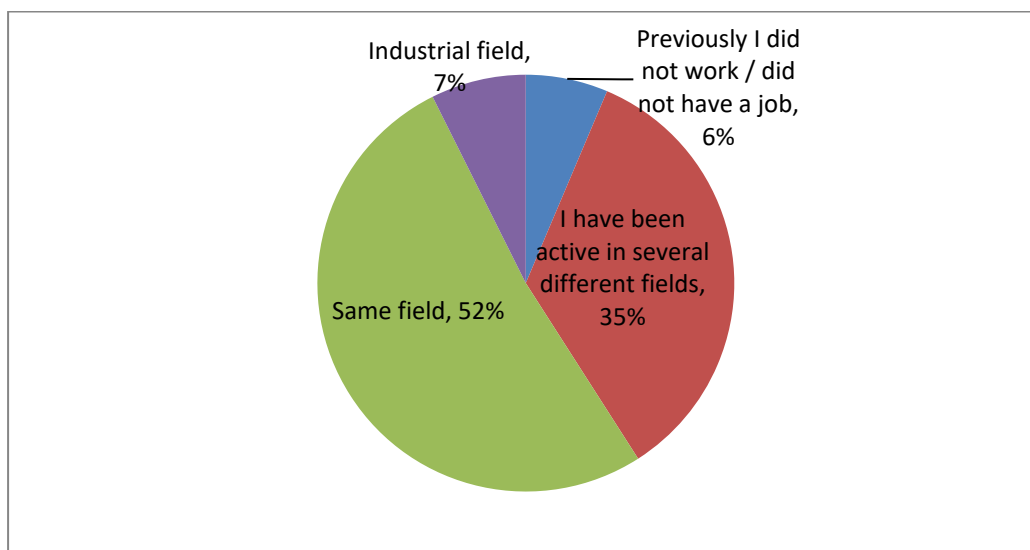
Even if the focus of the data collection and analysis was not the implementation of the sub-measures, survey applied at the level of sM 6.3 has shown that the majority of beneficiaries did not encounter significant issues during the implementation of the projects (51% of the respondents stated that they did not encounter problems in implementation, 43% stated that the volume of documents requested was a problem and 6% encountered other types of problems).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

This information is not immediately relevant for the study, which is more related to the effects than the implementation challenges. But it has been added to the analysis and answer to evaluation question no. 1.

First, the survey collects information about previous activities of the beneficiaries before obtaining the grant³². Before the NRDP 2014-2020 contribution, 48% of sM 6.3 beneficiaries were not involved in agricultural activities, 7% being involved in activities from secondary (industrial) sector, 6% were unemployed and 35% were involved in many different activities. Therefore, for these persons (almost half of the supported beneficiaries), sM 6.3 was one of the main motivations to become a farmer.

Figure 3.2-1 What was your field of activity before the investment financed by NRDP 2014-2020?



Source: Author's elaboration of evaluation survey conducted between February and April 2020

Data collected allow investigating the correlation between the beneficiary's geographical area and the activity done before project submission. Small farm agricultural activities are usually, notably in Romania, associated with many other small activities necessary to increase the economic viability. As a matter of fact, the percentage of beneficiaries who were active in many fields ("I was active in different fields") is even in the country, with a minimum level of 33% in area with specific constraints and a maximum level (37%) in Area with severe constraints. On the other hand, substantial differences exist at geographical level for the beneficiaries that before to obtain the grant were involved in the same activities (Same field) with a minimum level in the mountain areas (42%) and maximum in Area with specific constraints (67%). In any case the key evidence is the difference between the normal zone (Normal area) and the other parts of the country, where the agriculture activities have more constraints.

³² 299 answers for sM 6.3 have been collected, 42 responses for sM 4.1 and 4.1a – small farms, 12 for sM 4.1 cooperative, 8 responses for sM 9.1, 21 responses for sM 16.4 and 16.4a. Further information is provided in Annex V.9.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Table 3.2-1 Correlation between the activities carry on before the sM6.3 grants and geographical repartition

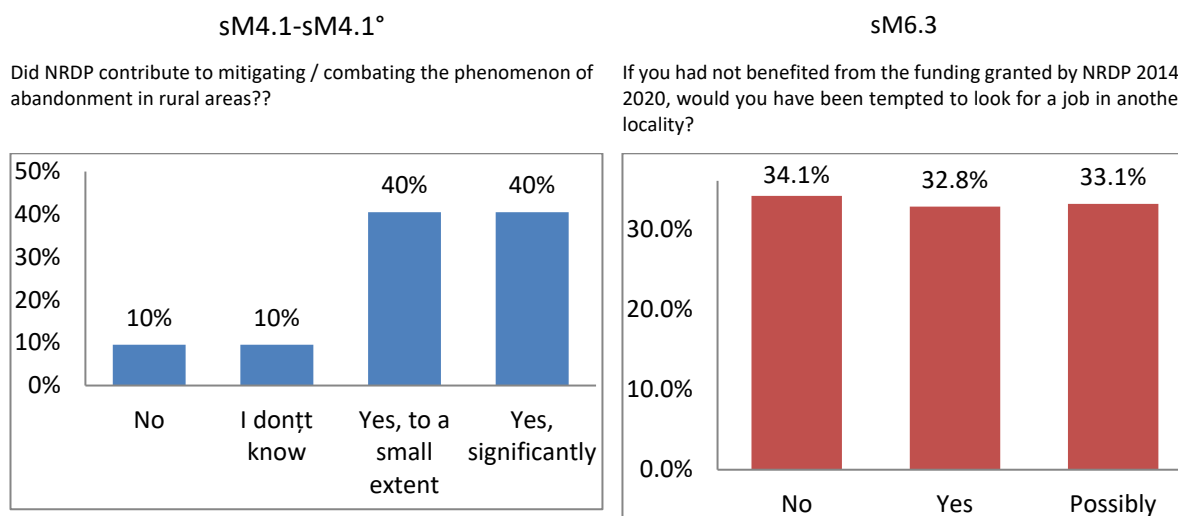
	Area with severe constraints	Area with specific constraints	Mountain area	Normal area	Total
Same field	49%	67%	42%	55%	52%
I was active in different fields	37%	33%	35%	34%	35%
Previously I was unemployed	6%	0%	8%	6%	6%
Industrial field	8%	0%	15%	5%	7%
Total	100%	100%	100%	100%	100%

Source: Author's elaboration of evaluation survey conducted between February and April 2020

The data collected with the survey also offer the possibility to compare sub-measures. This is based on the different questions for sM 4.1, sM 4.1a and sM 6.3 beneficiaries. sM 4.1-4.1a beneficiaries are asked "if the PNDR helped to reduce the abandon of the land", while sM 6.3 beneficiaries "If you had not benefited from the funding granted by NRDP 2014-2020, you would have been tempted to look for a job in another locality?". The answers to both questions prove the positive effects of PNDR on **reducing land abandonment**:

- 80% of sM 4.1 beneficiaries state that the investment done with NRDP helps reduce land abandonment, (40% to a small extent and 40% significant).
- about 66% (Yes + Possible) of sM6.3 beneficiaries, without the grant of sM6.3, would have searched another job activity, different form agriculture, in another place with the indirect consequence of the land abandonment.
- For 58% of small farm located in mountain area the "support was essential for maintaining the activity" compare to 44% in Area with severe constraints and 37% in Normal area.
- For 41% located in Area with severe constraints the support was essential for the development of the activity and conversion from subsistence agriculture to the commercial one, while this valuer drop to 30% for the Mountain area.
- The possibility of land abandon are more higher in Mountain areas compared to the other areas. For the beneficiaries of sM 6.3 the percentage incidence of (Yes + Possible) is of 75% on mountain area, while in normal area is about 63%.

Figure 3.2-2 To what extent the NRDP 2014-2020 can reduce the land abandonment?



Source: Author's elaboration of evaluation survey conducted between February and April 2020

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020***The increase of sales***

The increase of sales in the beneficiaries of sM 6.3 is a positive effect of NRPD support, regardless the typology of rural areas in the country³³. Also for the beneficiaries of sM 4.1 associative forms, the survey indicates an increase in sales thanks to the increased access to local markets and the stronger role of small farms in the local supply chain (see paragraph 3.2.5).

Table 3.2-1 The quality judgement given to the increase in sales of the sM6.3 beneficiaries by area

	Average in the ranking scale
Area with severe constraints	8,33
Area with specific constraints	8,67
Mountain area	8,42
Normal area	8,42
Total	8,41

Source: Author's elaboration of evaluation survey conducted between February and April 2020

Overall, the sales increase is a common effect in the beneficiaries of sM6.3 **with small differences among sectors and types of rural areas.**

- Nonetheless, it is interesting to see that area which are "Area with specific constraints" show a higher increase.
- In every sector we have had an increase with positive judgement started from a minimum in the "bees" sector (8,34) to a maximum in the "crops" (8,74). In any case, the difference is limited between sectors.

The increase of production

Production increased has been studied as a specific effect of sM 4.1 and sM 4.1a investments. For the beneficiaries of sM4.1 the production capacity of small farms has started to increase, but the investment has not yet produced all the desire effects in term of increase of sales. For the beneficiaries of sM4.1, it is too early to make a complete assessment. Beneficiaries need more time to start the fruit production and sell the products, because the plant are too young to produce fruits.

Capacities and skills level

Analysis of selection criterion n.1 allows for examination of capacities and skills. Only the 3% of beneficiaries of contracted projects under sM 6.3 have an higher educational diploma, on the contrary, 16% do not have any sort of certificated qualification related to: agriculture, agri-food, veterinary or agricultural economy field.

One the other hand the majority of beneficiaries with contracted project (61%) in the majority of the cases obtained a formal authorization of competences, acquired as a result of professional experience by a center of assessment and certification of professional competences, and in a secondary way attend specific course to obtain the Level 1 of professional qualification.

The analysis, taking into account the correlation between gender and the qualification of the farmer, shows the following evidence. Analysis of gender partitioning suggests there's no big difference in the

³³ The surveyed beneficiaries gave a positive quality score of 8.4 out of the total of 10 points for the increase of registered sales. Given that Likert scale scores ranged from 1 point to 10 points, only 8% of respondents provided a negative answer (1-5), while 92% indicated an increase in sales.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

training of men and women while the beneficiaries with more than 40 years have a higher educational level compared with young people.

Table 3.2-2 Qualification Level in the beneficiaries of sM 6.3 – selection criterion n.1

	Men >40	Men ≤40	Women >40	Women ≤40	Total
No Qualification	16%	13%	15%	17%	16%
Qualification course with less hours than Level I	12%	13%	13%	12%	12%
Professional experience or Level I qualification course	61%	64%	59%	64%	61%
Graduated post-secondary	8%	5%	11%	4%	8%
Higher education diploma	4%	5%	2%	2%	3%

Source: Author's elaboration of monitoring data on 31/12/2019

In terms of sectorial differences, well-qualified³⁴ beneficiaries are specialized in viticulture and crops, while the less qualified are in the bees sector.

The analysis also highlighted the effects of investments made through NRDP on capacities and skills, especially in terms of the use of new technologies and the innovative content of production from sustained investments.

In the case of sM 4.1, 80% of surveyed beneficiaries experienced the introduction of innovative technologies, with higher values in normal rural areas than in mountain areas.

The results show that the high level of scholarship are associated with the high perception of innovation in the beneficiaries with less than 40 years old, while for people over 40 years the perception is not different for beneficiaries with secondary education compare with tertiary education. Therefore, it seems that the young farmer with higher level of scholarship is more incline to change the farm activity, to introduce innovations and to open new market possibilities.

Table 3.2-3 Qualification Level and perception of high innovation level in the beneficiaries of sM 6.3

	Men >40	Women >40	Women <40	Men <40
Secondary education	44%	35%	14%	32%
Graduated post-secondary	11%	9%	14%	3%
Primary/secondary education	4%	17%	0%	6%
Tertiary education (bachelor, master)	40%	35%	57%	53%

Source: Author's elaboration of evaluation survey conducted between February and April 2020

³⁴ A unique category is proposed for the analysis for applicants that graduated with a higher education diploma in the field of agriculture and applicants that have completed post-secondary or secondary studies in the agricultural field.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

3.2.2 Increasing market orientation, job opportunities and incomes of small farms - EQ 2

As illustrated in chapter 2, the analysis regards sub-measures aimed at small farms (sM 6.3 and 6.3 ITI), and other sub-measures addressing small farms and associative forms (sM 4.1 și 4.1 ITI; sM 4.1a and 4.1a ITI):

Increasing the market orientation following the need of customer

One of the paradigm of the small farm analysis is the different degree of the orientation to the market. Following this criterion, a small farm can be a subsistence, a semi-subsistence, or a market-oriented farm, depending on the ratio of food that is consumed by the household in relation to the food that is actually commercialized (Gioia et Alii, 2017)³⁵. Literature review shows that subsistence farmers are more important in new Member states such as Romania and Bulgaria compared to old Member states (Davidova et al., 2013)³⁶.

Starting from this evidence we have analyzed the preliminary NRDP effects on the different market channels used by the beneficiaries of sM6.3. **To follow the consumer needs and increase the food commercialization, more than one half (58%) of the beneficiaries of sM 6.3 have started to produce new products and open new markets.** At territorial level the larger effects on new markets is in the Normal area, with values three times higher than the Mountain area.

Table 3.2-4 The increase of different market channels in the different areas for the beneficiaries of sM 6.3

↓ Different market channels	Area with severe constraints	Area with specific constraints	Mountain area	Normal area
Number of farmers' markets	17%	0%	23%	58%
Volume / Value of direct sales within the farm	17%	1%	21%	59%
Transfer to wholesalers	21%	2%	14%	60%
Number of regional agri-food centers	27%	3%	14%	54%

Source: Author's elaboration of evaluation survey conducted between February and April 2020

The changes are stronger in some sectors as "Permanent crops", "Cattle breeding for milk" and "Mixed – crops and animals except bees" compared to the other sectors as "Bees", "Horticulture" and "Field crops" where the diversification of distribution channels have less changed.

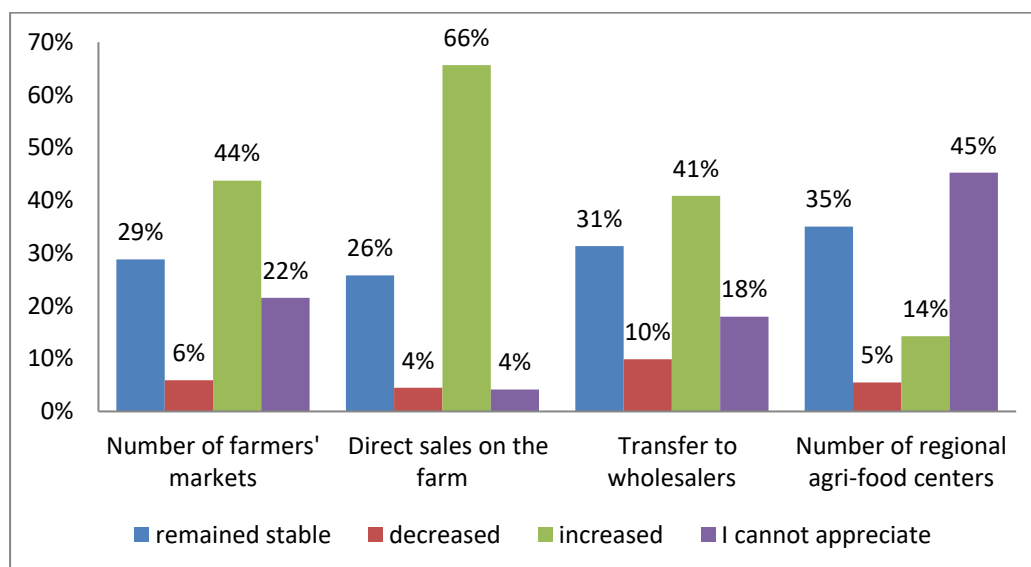
Moreover, the small farms, beneficiaries of sM 6.3, have increased all the main typologies of market channels, in particular with direct sales in the farm (66%) as shown in the following graph. In spite of the increase in the access to the market channels, the higher relative decrease concerns wholesalers, who are less attractive for small farmers because those usually offer a lower price compared with other typologies of market channels.

³⁵ Gioia A. et alii. (2017), „Small Farms in Europe: Time for a Re-Definition”. Access to Land ‘A European Network of grassroots organisations securing land for agriecological farming’

³⁶ [https://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/495861/IPOL-AGRI_ET\(2013\)495861_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/495861/IPOL-AGRI_ET(2013)495861_EN.pdf)

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Figure 3.2-3 In your opinion, to what extent did NRDP 2014-2020 interventions contribute to the diversification of the distribution channels used for the marketing of your products?— sM6.3



Source: Author's elaboration of evaluation survey conducted between February and April 2020

In what concerns beneficiaries of sM 4.1, the process of diversification has just started to give the first results³⁷.

Increased job opportunities - for small farmer family members

Investments promoted by sM 4.1 have a stronger contribution to job increase, compared with the flat-rate supported by sM 6.3. The causes of this different effects are related to the different amount and typologies of investment done in sM 4.1 compared to the flat-rate of 15.000 euro give within the sM6.3. Moreover, in the small farm under the sM 6.3 the large part of the work is covered by the family members. More precisely:

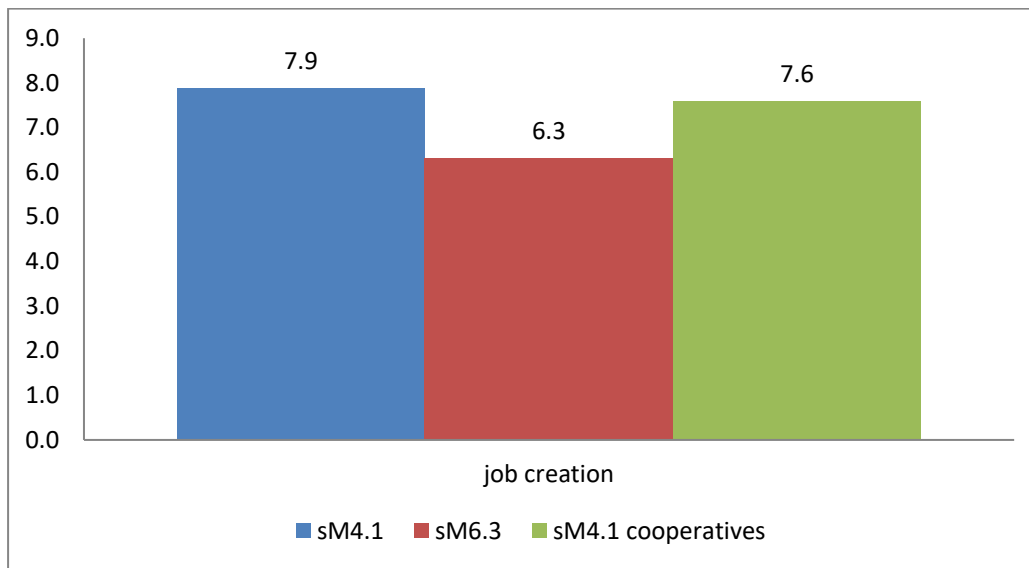
- for 46% of the beneficiaries, the family members cover more than the 75% of total work,
- for 25% of the beneficiaries, the family members cover between 25% and 50% of the total work,
- for 16% of the beneficiaries, the family members cover less than 25% of the total work,
- for 11% of the beneficiaries, the family members cover between 50% and 75% of the total work.

At territorial level we have a wider increase of job opportunities in the mountain area, for the beneficiaries of sM6.3 and in the "Normal area" for the beneficiaries of 4.1. The judgement on the job opportunities also show some differences correlated with the age and sex. Better results in terms of job opportunities emerge for these categories of farmers: young females (under 40 years) and older males (over 40 years).

³⁷ In a ranking between 1 to 10, the qualitative judgements on diversification achieve on average 7 in sM 4.1 (associative forms) and 8 in sM 4.1-sM4.1a.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Figure 3.2-4 The comparison to the average value between 1-10 give to the questions related to the increase of job opportunity



Source: Author's elaboration of evaluation survey conducted between February and April 2020

In the family farms there are not big difference in the different typologies of family members involved in the main activities. Parents, kids and Other family members/kin have an incidence of about one third for each typology.

At sectoral level, the increase of job opportunities is **low** for "Horticulture", **medium** for "Bees", "Mixed – mixed crops", and **high** for "Mixed – crops and animals", "Cattle breeding for milk", "Field crops" and "Permanent crops".

Income increase (not only family farm income)

In many cases, the increase of demand has produced an increase of income in the beneficiaries of sM 6.3.

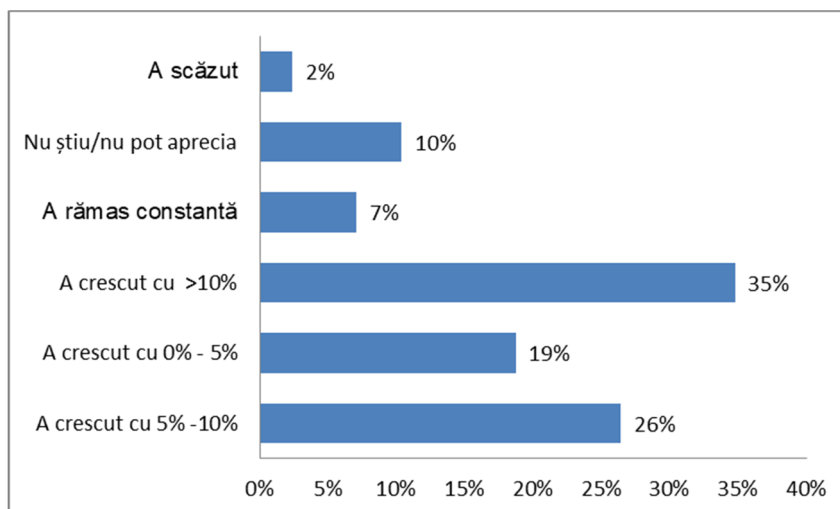
- For the 35% of the sample of sM 6.3, the increase of income is more than 10%,
- for 26%, the income increase is between 10% and 5%,
- for 19%, the income increase is less than 5%,
- for 7%, the income has remained constant,
- and only for 2% there has been a reduction of income.

The greater number of farms (39%) with an increase of income over 10% is located in "Area with severe constraints" followed by the farms in normal area (35%). On the other hand, in Mountain area, 33% of the farms have had an increase in income between 5% and 10%.

The sectors that show the best performance are the production of honey production (beekeeping), Horticulture and Field crops, while the low increase is in the mix production.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Figure 3.2-1 Compared to the situation before the implementation of the project, has the overall turnover increased, decreased or remained stable? – sM 6.3



Source: Author's elaboration of evaluation survey conducted between February and April 2020

In the case of sM 4.1, for 60% of the small farms, the investment has started to contribute to increasing the income, while in all the other cases there are no effects. The motivation is simply connected with the typologies of investment done, and with the contribution received for the investment. In the case of the investment done in the fruit sector (sM4.1a) the farmer must wait for some years before that the orchards start to produce fruit. Usually, in these situations, for the first three years, there are only costs associated with the increase in work activities (plantation, water supply, etc.) and no increase of income.

Data collected with the survey with sM 6.3 allows for a deep analysis of **family farm income variation**. Compared to all the small farms beneficiaries of sM 6.3, the family small farms³⁸ have had a lower increase in the income but nobody has declared a reduction.

While for the associative forms beneficiaries of the sM 4.1 the investments have started to produce an increase of family income associated with an increase of the living condition of the family.

In the family farm sample of sM 6.3, the 39% has had an income increase between 5% and 10%, 21% an increase bigger than 10%, while 11% under 5%. The other 11% do not have a precise opinion on this value.

Considering the family farm from a wider perspective and focusing on the involvement of family members in the work activities, the survey respondents have been divided in two categories:

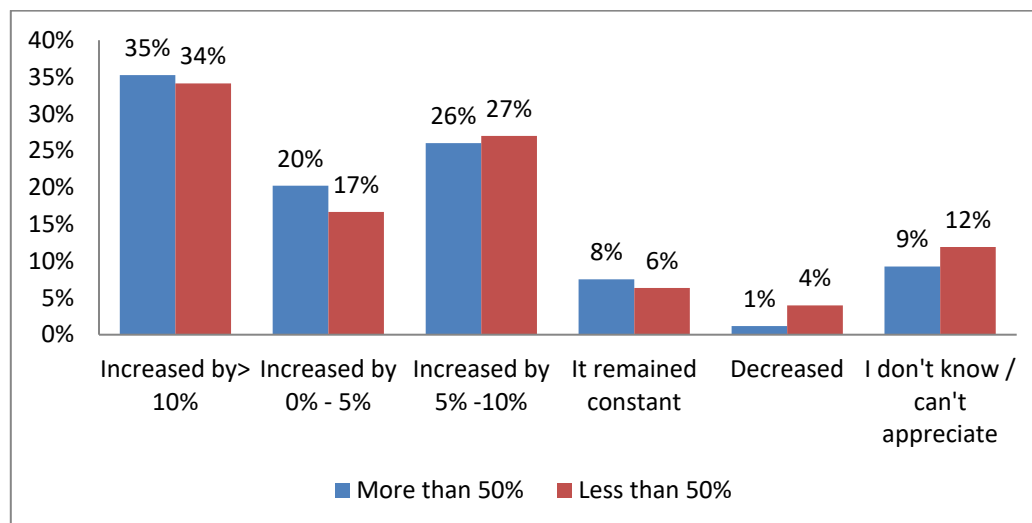
- family farms in which 50% of works is done by family members
- family farms in which with less than 50% of work done by family members.

Also considering these typologies of family small farms, the farms with a high involvement of family member in the work activities have shown the higher increase of the income in the classes between 0 and five percentage, as in the group with an income increase greater than 10%.

³⁸ Agricultural holding owned by the family enterprise or by the legal person whose associates are exclusively members of the same family – wife/husband and relatives up to grade III, inclusively. The value is obtained by the Selection Criteria (CS4).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Figure 3.2-2 The increase in farm income correlated with the percentage of family work force on the total work force



Source: Author's elaboration of evaluation survey conducted between February and April 2020

3.2.3 Association of small producers and transformation of small farms - EQ 3

The general evaluation criterion is the conversion of small farms. As in the previous evaluation themes, the analysis regards mainly those sub-measures containing small farms (sM 6.3 and 6.3 ITI). However, findings from the implementation and effects of the other sub-measures (sM 9.1, 16.4, 16.4a) have been examined in the following evaluation questions. While the analysis on the number of applications, contracted and finalized projects, contracted and paid value and other indicators (e.g. supported area) has been already illustrated, by also considering horizontal evaluation criteria, in paragraph 2.1, this sub-paragraph focuses more on the PNDR contribution to achieving the objectives under examination of evaluation question n.3.

According with to World Bank Country partnership framework for the period 2019-2023³⁹, there is a significant untapped potential in Romania's agriculture sector. "Competitiveness of grains production and export potential is an important theme, including how small farmers interact with larger farms as competitors, suppliers, or employees".

Usually for every small farms are possible different future scenario: a) close the activity and abandon the land, b) close the activity and sell the land to a large farm b) transit from subsistence to commercial agriculture, c) maintaining the activity in the same economic class.

Consider that the abandon of land (scenario a) is a social process than can reduce but in many case not stopped, the result obtained with sM 6.3 are very positive (see paragraph 2.2.1). For the beneficiaries of 6.3 the NRDP support has been useful (37% of the respondents) in the transition from subsistence to commercial agriculture, while have for the 43% of the sample it was essential for maintaining the activity. For almost the half of male young farmer the grant connected with sM 6.3 was necessary to maintain the activity, while for the young women (younger than 40 years) this

³⁹Romania - Country partnership framework for the period 2019-2023 (<http://documents.worldbank.org/curated/en/954721529638270108/Romania-Country-partnership-framework-for-the-period-FY19-FY23>)

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

incidence drop to 29%. On the other hand, the young farmer women (younger than 40 years) consider the support a big opportunity to promote the transition from subsistence to commercial agriculture.

Table 3.2-2 The main effect of grants on the farm transition

	Men ≤40	Men >40	Women ≤40	Women >40	Total
I don't know/ i can't evaluate	5%	4%	0%	7%	4%
The support has been essential for business development and the transition from subsistence to commercial agriculture	37%	40%	41%	37%	37%
The support was essential for maintaining the activity	46%	42%	29%	40%	43%
The support was relevant, but not essential for maintaining the activity	11%	13%	29%	13%	14%
The support was not relevant	2%	1%	0%	3%	1%

Source: Author's elaboration of evaluation survey sM 6.3 conducted between February and April 2020

At territorial level, the beneficiaries of small farms located in mountain rural areas are divided in two equal groups: one group that consider the grant necessary to maintain the activity (scenario c) and the other group that consider the grant as an opportunity to increase the commercial activity (scenario b). In the other hand in areas with severe constraints and normal areas the large majority of the small farm have used the grant to maintain the activity.

At sectoral level, the mixed crops and field crops have used the support to promote the transition from subsistence to commercial activity in almost half of the small farms, while in all the other sectors the main motivation is the maintenance of the activity.

The size of associative forms and the role of small farms vary across the beneficiaries of the different sub-measures (see paragraph 2.2.4), with sM 9.1 and 16.4 registering greater incidence of small farms than in the sM 4.1 projects.

According with the result of the survey done to a sample of beneficiaries, the sM4.1 has also contributed to increasing cooperation⁴⁰, first of all in normal area, than in mountain area and in areas with severe constraints. At sectoral level the high judgement on the positive effects of cooperation are given by the farms involved in: Field crops, Horticulture, Mixed – mixed crops, while for the “Sheep and goats breeding” there is a less positive judgement.

75% of the **sM 9.1** respondents say that the producer group have a medium / high contribution to the performance of agriculture production of small farms in the area and almost all but one have highlighted that the producer group activities have contributed to increasing the marketing capacity of the products with higher sales and / or by influencing the market prices. Overall, these figures show that producer groups allow for some of the expected benefits for producer groups and small farms that are easier sales and stronger competitiveness of local production.

⁴⁰ În opinia dvs., în ce măsură contribuie intervențiile PNDR 2014-2020 la sprijinirea cooperării?



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

76% of **16.4 and 16.4a surveyed projects** experience a moderate / high contribution to increasing the small farm production capacity. This is in particular the case of the fruit and vegetable sectors⁴¹. However, more than 2/3 of the respondents (68% of them) think that the NRDP support was relevant for the development of small farms, but not necessary for their survival and maintenance of their activities, regardless the sector. In fact, the sM 16.4 support has opened new opportunities for small farm to be part of the supply chain.

3.2.4 The structure of the associative forms - EQ 4

The structure of associative forms in terms of the economic size of farms - standard production

The general evaluation criterion is the structure of the associative forms from the point of view of the economic size of the farms (standard production).

The analysis concerns measure 4 (sM 4.1 and sM 4.1 ITI; sM 4.1.a and sM 4.1.a ITI) if the beneficiary belongs to the cooperative category or producer group (identified in the monitoring system database, "Legal person" column).

In addition, the analysis covers sM 9.1 and 9.1a - Establishment of producer groups in the agricultural sector and sM 16.4 and 16.4a - Support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit-growing sectors.

While the analysis on the number of applications, contracted and finalized projects, contracted and paid value and other indicators has been already illustrated, by also considering horizontal evaluation criteria, in paragraph 2.1, this sub-paragraph focuses more on the PNDR contribution to achieving the objectives under examination of evaluation question n.4.

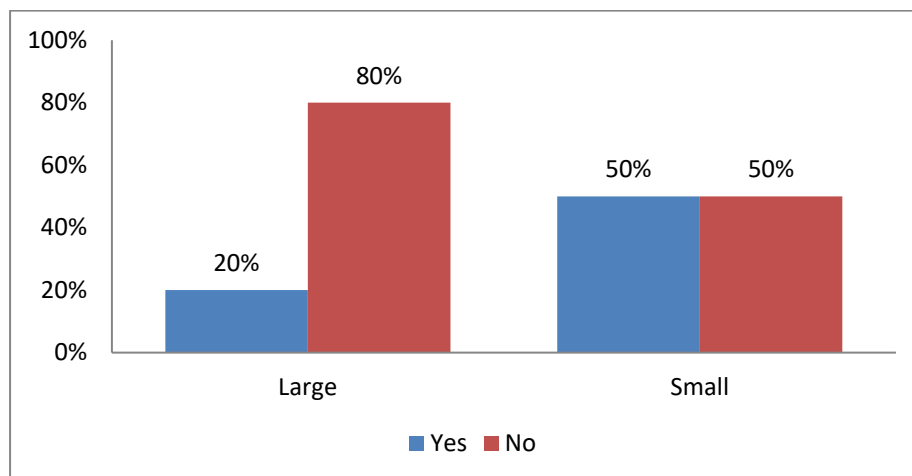
Associative forms of sM 4.1 - The average presence of small farms in each associative form is 5,3 with a large difference between the different projects. More precisely, in the sM 4.1 the 50% of every associative form have less than 2 small farms, while 42% have between 3 and 6 small farms. At sectoral level there is a large number of associative forms in the "Field crops", the only sector that in the last years have increased the number of small farms in the associative forms, all in "areas with significant constraints".

In general, only one third of the associative form beneficiaries of sM 4.1, have increase the number of small farms. This aspect change between the beneficiaries of producer groups or cooperatives formed predominantly from agricultural holdings up to 12.000 SO, that for simplicity in the following graph we call SMALL, and producer groups or cooperatives formed predominantly from agricultural holdings over 12.000 SO (LARGE). For the "LARGE", almost the totality (80%) there are no evidence of an increase in the number of small farms, while in the "SMALL" the situation in equal divided between, the associative forms that have had an increase of small farms and other associative forms with no increase.

⁴¹ The most common used communication channels for disseminating the project results are: seminars and workshops, project websites, publications. Few projects promote festivals, public campaigns and or advertising activities on TV.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Figure 3.2-5 Has the number of small farms belonging to your cooperative / producer group increased in recent years?



Source: Author's elaboration of evaluation survey conducted between February and April 2020

sM 9.1 Producer groups - The sM 9.1 new contracts have on average a smaller number of exploitations for each group, but a higher contracted value and turnover per exploitation. The sample of 8 producer groups answering the questionnaire shows that 40% of the producer group partners are small farms (with standard production of 8.000 – 11.999 SO), 31 of 78 partners according to the survey respondents. One producer group has no small farm involved, while another one is composed only by small farms.

In this regard, it is important to highlight that selection criterion n.5 (giving maximum 20 points of 100 of the total score) was promoting the involvement of small farms as follows. 20 points were attributed to each farm from 1.000-11.999 euro of Standard Output (SO), 15 points for 12.000-50.000 euro SO, 10 for farms between 50.000 and 100.000 euro SO. The score is awarded in proportion to the number of members that fall within the agricultural holdings managed in the economic dimension intervals related to the selection criteria a), b) and c). The scores of the three criteria can be aggregated.

Horizontal and vertical cooperation of sM 16.4 and 16.4a – While on average there are 2,5 small farms for each cooperation, small farm cover 37% of the total number of partners in the associative form of sM 4.1, while this value is about the 98% in the case of sM 16.4. **16.4 and 16.4a survey projects partnerships** on average include:

- 5 partners in fruit sector (16.4a),
- approximately 6 partners in the projects not indicating the sectors and those covering all the other sector (including wine, dairy products, fruit, potatoes, etc.),
- 5,25 partners in beekeeping and bee products,
- 4,6 partners in vegetables.

In all, but one, surveyed projects, there is at least one small farm. The presence of small farmers is higher (around 3 on average for each project) in the vegetable sector and in the projects not indicating any sector

Overall, although the presence of small farms differs across the various sub-measures, the analysis shows small farms are usually active and part of associative forms. In this regard, associative forms, producer groups and horizontal and vertical cooperation represent a key opportunity to promote



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

small farm growth. This finding is different from what highlighted in the literature where both in Poland and Romania, producer organizations include corporate farms and household farms, the latter being „no small, semi-subsistence farms, but have output levels similar to corporate farms. This means that in Romania the farms which benefit most of the activities provided by the PO are medium sized farms and not the majority of the farms, which are small, semi-subsistence farms”⁴². The finding from this evaluation is different from the literature and highlights that small farms are key actors and partners of producer groups.

3.2.5 Integrating small producers into the agri-food chain and strengthening bargaining power - EQ 5

The analysis regards two general evaluation criteria: integration of small producers into agri-food chain and strengthening the bargaining power (eg. the existence of an advantage for small producers, in their relationship with the other actors of the agri-food chain, after the support of NRDP).

The analysis concerns measure 4 (sM 4.1 and sM 4.1 ITI; sM 4.1.a and sM 4.1.a ITI) if the beneficiary belongs to the cooperative category or producer group (identified in the monitoring system database, column “Legal person”). In addition, sM 9.1 and 9.1a - “Establishment of producer groups in the agricultural sector” and sM 16.4 and 16.4a - “Support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit sectors” are subject to analysis.

Integrating small producers into the agri-food chain

The public support under the NRDP has helped increase the degree of participation of small farm in the local food chain.

The **sM 9.1** questionnaire indicates that the development of the supply chain integration for breeding animal and birds is much more complex than horticulture and cultivation of crops. In this regard, PNDR support has been more effective in contributing to the integration of small farms in the supply food chain from the point of view of productive capacity in the sector of animals, notably "swine" and "bees".

The projects under the sM 16.4 have had a relevant (90%) impact in the contribution of integration of small farm producers in the agri-food chain. The sub-measure was built with a specific selection criteria (P4) that have given a high incentive to the short supply chain integration of projects with the local market giving a maximum of 25 point (25% of total points obtained). This selection criterion was applied by the 85% of beneficiaries of sM 16.4 giving a high emphasis of the integration of small producer in the local agri-food chain Projects that propose integration. Thanks to this selection criteria the sub-measure has helped concretely the creation of new network and has reduced the geographical distance between the production and the selling points.

Regarding the integration of small farms in the supply chain from the point of view of the production, **16.4 and 16.4a surveyed projects tend to disagree with the idea of small farms being more integrated in the supply chain after the programme support**, in particular in the bee sector. On the other hand, it was found that for specialized projects in the vegetable sector, the support is beneficial.

⁴² European Commission 2014, DG Competition, “Assessing efficiencies generated by agricultural producer organisation”– Report by Kristine Van Herck.

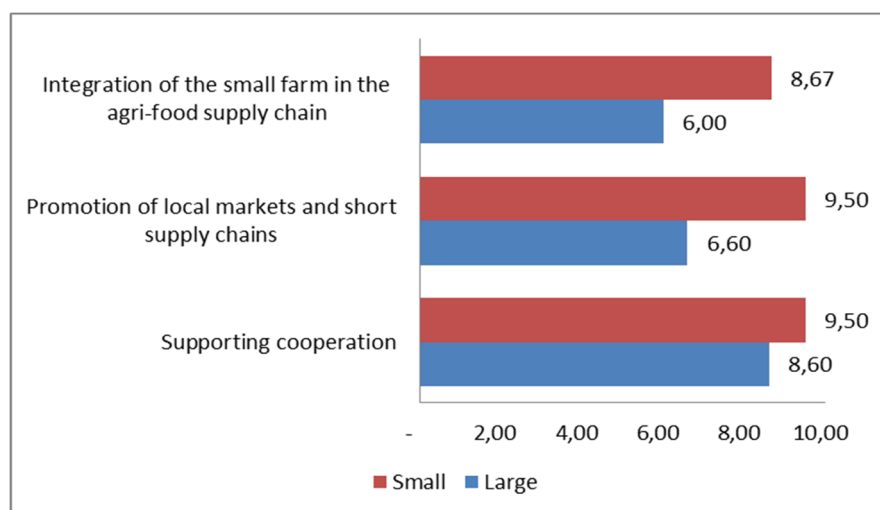
EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Strengthening bargaining power

The evaluation study conducted for the AIR 2019 already had highlighted the lack of relevant increase in the share of the final price of agricultural products to primary producers⁴³. The local food chain needs more time to increase the total value of the products and give an effective increase of the value of primary products. In any case, in some parts of the country, the local market started to stimulate the increase in the demand of quality product from the small farms thanks to NRDP.

In the case of sM4.1 the increase of bargaining power of small farms is quite low. Only the 50% of the beneficiaries perceived an increase in their bargaining power. All the beneficiaries agree with the fact that the strategy of NRDP is to increase the corporations but with different considerations: for the bigger farms (over 12.000 SO), the capacity of NRDP to support the integration in the agri-food supply chain and the promotion of local markets are quite low (around the value of 6 of the total of 10) while for the small farms (under 12.000 SO) the contribution of NRDP appear to be are more high (an average of 7 points were awarded for the integration of small farms and 9.5 points for promotion in local markets). These findings can be explained by the fact that the smaller the size of farms, the higher the effectiveness of NRDP support. Moreover, associative forms formed predominantly by medium farms are not necessarily interested in the demand of local markets because their products (as cereal durum wheat etc.) are not produced for local market but to be processed elsewhere or directly exported by wholesalers. In the next future the associative forms could affect and even modify the food supply chain under the condition that the demand for local products becomes stronger.

Figure 3.2-3 The qualitative judgement on cooperation and local supply chain



Source: Author's elaboration of evaluation survey sM 4.1 conducted between February and April 2020

In what concerns sM 9.1, the survey shows that for 75% of the survey groups (6 of 8 surveyed groups) **sM 9.1 has effectively contributed to increasing the bargaining power in particular in terms of marketing of agricultural products**. Nonetheless, in few cases, 2 of 8, the PNDR support has contributed to influencing the market price.

Regardless the sector, **sM 9.1 questionnaire shows that the most producer groups would have been set-up even without NRDP support**. This shows that the NRDP support is not the *raison d'être* of the

⁴³ Annual Implementation Report 2019.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

group and can be a good element for the sustainability in future. However, as highlighted by the literature, the key factor ensuring the sustainability of a producer association is the fact that the cooperation gives more advantages than individual actions.

In spite of the sM 16.4 and 16.4a effects on the increased production capacity, this does not automatically lead to increased bargaining power on the market and production. 57% of the respondents can identify after the programme support tangible effects on the small farm capacity to sell on the market (in particular in the fruit sector), while 38% do not experience any effect. Similar to what emerges for sM 9.1, for sM 16.4 and 16.4a, while the NRDP contribution is useful to increase the productive capacity and the bargaining power of small farms, it **does not represent for many respondents (86%) the reason for establishing the cooperation**. This means that probably the cooperation is likely to survive.

3.2.6 Increasing access to credit and introducing innovative ideas among small producers - EQ 6

This evaluation theme focused on all the sub-measures covered by the study, notably 4.1, 6.3, 9.1, 16.4, 16.4a. According to the methodology, two evaluation criteria have been considered: access to credit and contribution to innovation.

Access to credit

The analysis of the sM 9.1, 16.4 and 16.4a questionnaires does not show any specific benefit of the NRDP support for the access to credit beyond the financial value of the grant. This finding is confirmed by the interviews with financial intermediaries of the programme financial instrument. However, this does not represent necessarily a weak point of the model of the producer group of the NRDP, because as highlighted by the literature, a high level of bankruptcy (risk) would lead not only to leave the producer group but to the abandonment of agricultural activities⁴⁴.

The analysis of survey to beneficiaries of sM 4.1 and 6.3 shows the following findings:

- For one third of the beneficiaries of sM 4.1 - associative forms, the providing of co-financing is considered the most difficult problem, while for the large majority of them the best way to receive financial support is through lower loan rates to ensure the co-financing rate for projects / investments.
- In the case of sM 4.1 small farm, the needs of collateral / deposit to obtain the loan needed to secure the co-financing rate for projects / investments is greater.
- In the case of sM 6.3 the financial support from the programme could be an opportunity but the majority need more technical assistance. The answer come from the experiences done with sM 6.3, but offer also a reflection on the needs of farmers for future public supports (investment or flat-rate). More precisely for the 41% of beneficiaries the financial support from the programme could be an opportunity but they need more technical assistance for assessing the possibility of launching new investments done with the flat-rate. The 16% would like to have lower loan rates to ensure the co-financing rate for projects, 10% need collateral

⁴⁴ Florea A.M., Capatina A., Radu R.I., Serban C., Boboc M.G., C. S. Dinca, Munteanu M., I.M. Dumitriu, Stanciu S. (2019), "Limiting Factors that Influence the Formation of Producer Groups in the South-East Region of Romania: A Fuzzy Set Qualitative Comparative Analysis (fsQCA)".

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

/ deposit to obtain the loan needed to secure the co-financing rate for projects / investments, 7% want venture capital to support innovative investment, while about one quarter do not have a precise idea on the financial support. Young beneficiaries (younger than 40 years) would like to receive more technical information (59%) compared to the older ones, over 40 years (41%).

- At territorial level there is a substantial uniformity in the needs of farmers located in a normal area and mountain area.
- At sectoral level, each sector has different financial needs, which also reflects the specific situation of each farm and market fluctuation:
 - Need for technical assistance are high in: Field crops, Mixed, Bees, and low in the others sectors;
 - Lower loan rates are considered of some interest for Cattle breeding for milk, and in a low way for the other sectors;
 - Venture capital to support innovative investments, is consider relevant in permanent crops;
 - Collateral / deposit for obtaining the loan necessary to ensure the co-financing rate for projects / investments is consider important in Horticulture.

Table 3.2-5 The financial needs at sectorial level

	Technical assistance for assessing the possibility of launching new investments	Venture capital to support innovative investments	Collateral / deposit to obtain the loan needed to secure the co-financing rate for projects / investments	I don't know	Lower loan rates to ensure the co-financing rate for projects / investments
Bees	40%	6%	6%	33%	14%
Cattle breeding for milk	17%	0%	17%	33%	33%
Field crops	48%	3%	3%	23%	23%
Permanent crops	31%	23%	23%	0%	23%
Horticulture	25%	0%	25%	50%	0%
Mixed - mixed crops	43%	4%	9%	17%	26%
Mixed – crops and animals except bees	48%	7%	24%	12%	10%
Total	41%	7%	10%	26%	16%

Source: Author's elaboration of evaluation survey conducted between February and April 2020

Contribution to innovation

“All businesses need to innovate if they are to thrive, and family farms are no exception. By thinking ahead and developing new approaches, farmers can increase output, develop new and improved products, diversify and tap into new income streams, and remain environmentally sustainable.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Innovative farms are more likely to weather storms, be they economic or meteorological” (EU Rural Review- Family Farming-n.17-2013).

The **sM 9.1 questionnaire does not show any evidence about the contribution of producer groups to innovation at farm level**. On the other hand, the **PNDR support through sM 16.4 and 16.4a contributes to stimulating the following types of innovation:**

- Use of new technologies in the food production sector
- Development of new products / services
- Promoting new organizational models
- Introduction of new forms of cooperation and exchange of knowledge between the food production sector and the research sector

Nonetheless, sM 16.4 and 16.4a **projects do not develop process innovation in the production and new methods and techniques or process nor create** operational groups EIP (European Innovation Partnership). These findings are valid across the sectors. Six projects of 20 survey foresee activities of knowledge transfer and exchange of experience:

- Partners conducted transnational visits on topics related to the advantages of local markets and short supply chains, in order to improve their skills.
- The producers involved in the projects benefited from know-how from some experts, regarding the marketing, promotion and sales techniques
- Visits to farms, for educational purposes, to present agricultural products.
- Exchange of experience and transfer of knowledge between research units and producer associations, etc.
- Exchange of experience and knowledge transfer between a research unit, respectively the University of Agricultural Sciences and Veterinary Medicine of Cluj Napoca and the members of the Association of Producers of Traditional and Ecological Products Hunedoara

The main effects in terms of innovation come from sM6.3, sM 4.1 and sM4.1a. In this regard, the analysis of the projects shows that the implementation of NRDP has helped the introduction of innovation also in the small farm but at lower level compared with large farm.

The assessment builds on farmers' perception (sM6.3, sM 4.1, sM4.1a) of innovation in comparison with other operators in the same area. This self-assessment shows as the programme, in the case of sM4.1 and sM 4.1a has created the conditions for encouraging innovations, mobilizing resources, setting up virtuous circles and dynamics in more than the 68% of the cases. While the farmer perception of innovation is of 49% for the sM 6.3 beneficiaries.

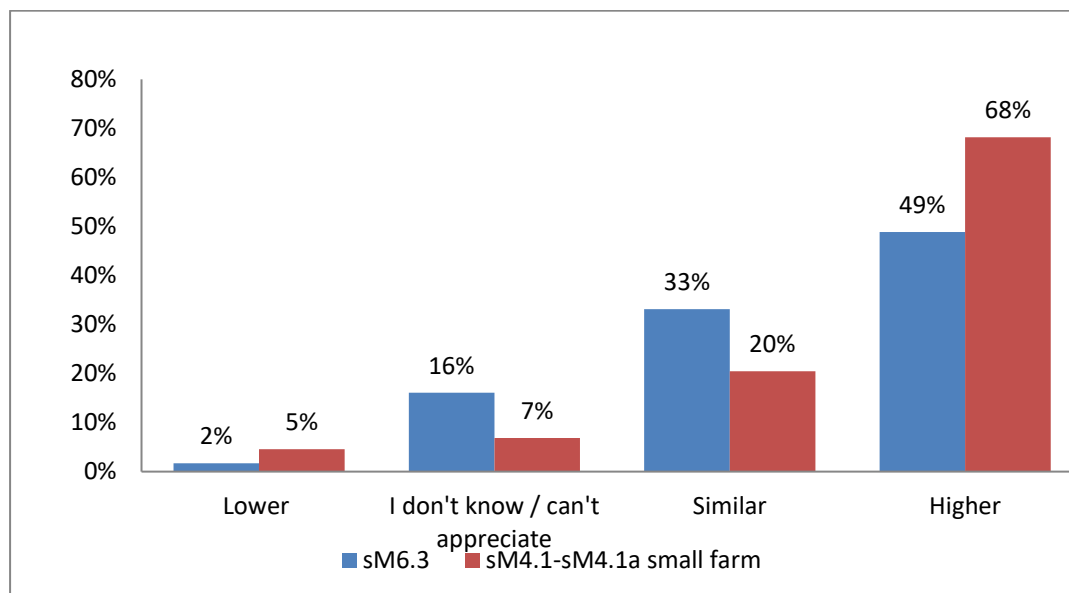
The perception of sM4.1 and sM 4.1a small farm beneficiaries is positive but lower than the value obtained (80%) doing the same question to all beneficiaries (not only small farm) of 4.1 during the evaluation Study II delivered with AIR 2019.

In this regard, it is important to highlight that innovation is not restricted to a technical or technological dimension, small farmers do not necessarily apply 'new' technologies: their novelties emerge as the outcome of 'different approaches and different ways of doing things' and in

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

recombining different pieces of knowledge in an innovative way "(L. Dovleac, Marius BĂLĂȘESCU, 2016⁴⁵)

Figure 3.2-6 As a result of the implementation of the activities envisaged by the project, how do you assess the degree of innovation of your project compared to that of other agricultural operators similar to yours?



Source: Analyses developed by the evaluation team, based on data collected through the survey applied among beneficiaries, during February-April 2020

The perception of innovation was analyzed in sM 6.3 at age, territorial and sectorial level to better understand in which activity the small farmers have started to introduce more innovation compared with other operators in the same area and sector.

For what concerns the correlation between: age gender and level of innovation, beneficiaries with more than 40 years have a higher perception of innovation, as mentioned before, this is caused by a greater scholarship level in the people of over 40 compared with the people of less 40 years old.

Table 3.2-6 Perception level of innovation by age and gender (level in percentage)

	higher	lower	similar	I don't know
Men <40	49%	1%	38%	12%
Women <40	32%	5%	45%	18%
Women >40	53%	0%	28%	19%
Men >40	52%	2%	30%	15%

Source: Author's elaboration of evaluation survey conducted between February and April 2020

Regarding the territorial distribution, the degree of innovation at the level of farms is perceived as higher in normal areas, but also in mountains (in relatively equal proportions). On the other hand, in areas with significant natural constraints, the degree of innovation is considered to be lower.

At the sectoral level, it is found that improvements have been made on innovation in farms whose areas of activity are permanent crops (69% of respondents) and honey production (65% of

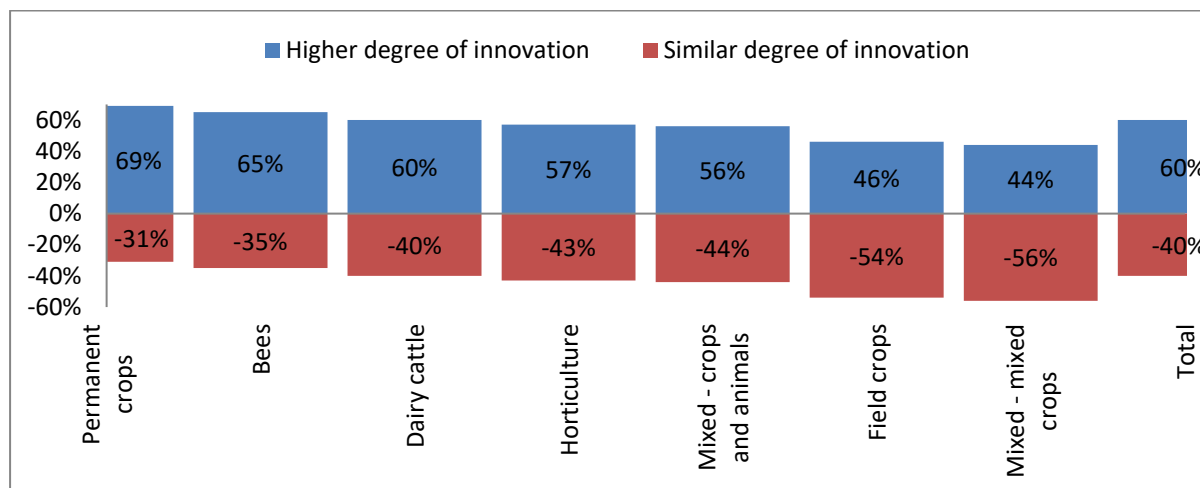
⁴⁵ L. DOVLEAC, Marius BĂLĂȘESCU (2016): Perspectives for Romania on adopting agricultural Innovations, Buletinul inovațiilor de la Universitatea Transilvania din Brașov Seria V: Economic Sciences • Vol. 9 (58) No. 1 – 2016

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

respondents). It should also be noted that the degree of innovation has evolved among small farms operating in the field crops (46% of respondents) and mixed crops (44% of respondents) sectors⁴⁶.

The following graph presents a comparison of the answers provided by the beneficiaries, depending on the way in which the evolution of innovation is perceived at the level of their farms - higher or lower degree of innovation, after the implementation of the projects related to sM 6.3.

Figure 3.2-7 Perception of innovation at sectorial level in the sM6.3



Source: Author's elaboration on Survey sM 6.3

In these sectors the traditional activities are more than the innovative one. For the Field crops it is not easy to introduce innovation in the small farms because innovation is usually connected with new big tractors that for a small farm could be unprofitable. In the case of family farms involved in the cereal production it is unrealistic to try to reach **economies of scale** because their scale of operation (typically measured by the amount of output produced), is too small. The fixed costs are too high compared to the increase of output production and the contraction of variable costs.

While in the case of mixed production, organizational innovations could be profitable, but for small farms it could be challenging to know how to implement them.

The survey to beneficiaries of sM 4.1 and 4.1a shows that, thanks to the programme, a large majority (82%) have introduced new technologies that allowed changes in cultivation practices. While in the 64% of the cases, this has contributed to introduce new products (see the table below).

Table 3.2-7 Different typologies of product Innovation in sM4.1 and sM4.1a

	sM4.1	sM4.1a
The range of marketed agricultural products has been diversified	50%	29%
The processing of their own agricultural products has started	30%	35%
The structure of crops / animal breeds raised on the farm has been changed	20%	35%

Source: Analyses elaborated by the evaluation team, based on the survey applied among the beneficiaries of SM 6.3, during February-April 2020

⁴⁶ These data refer to sM 6.3.

4. Answer to evaluation questions

4.1 EQ 1: To what extent has the support provided by the NRDP contributed to improving the overall performance of small farms?

The evaluation has examined the PNDR contribution to small farms performance by focusing on several evaluation criteria: (1) sales increase, (2) production growth, (3) capacity building and (4) reduction of land abandonment.

The analysis has focused on some specific PNDR sub-measures supporting small farms (farms with a standard production of between 4,000 – 11,999 SO for sM 6.3, 6.3 ITI 4.1a or 8,000 – 11,999 SO for sM 4.1) and associative forms which includes small farms, for sM 4.1, 4.1 ITI, 4.1a, 4.1a ITI).

Concerning sub-measure 4.1, it is worth mentioning that the ITI has a limited contribution. In sM 4.1 ITI there is an only one project in the category of small farms (8,000 – 11,999 SO), while none in the 4.1a ITI and no associative forms have been financed in the ITI sub-measures. For the other sub-measures not exclusively dedicated to the ITI area, there are:

- 63 projects related to sM 4.1, carried out by associative forms (Agricultural Cooperative or Producers Group), covering an average area of 254 ha, mainly concentrated in areas with significant natural constraints as well as in mountainous or normal areas.
- 16 projects related to sM 4.1, carried out by small farms, covering an average area of 28 ha, mainly concentrated in areas with significant natural constraints, but also in mountain or normal areas.
- 91 projects related to sM 4.1a, carried out by small farms, covering a small area (5.3 ha on average).

Sub-measure 6.3 presents a higher contribution to the subject, with a public allocation from PNDR of 251 million Euros, out of which 5 million in 2017, plus 3.7 million in 2018, were allocated for sM 6.3 ITI Danube Delta . Thus, in the case of sM 6.3, at the end of 2019, were registered:

- 11,639 projects contracted in the current programming period, out of which 3,764 completed.
- 15,477 projects from transition (contracted under M141), out of which 14,548 completed.
- In the ITI area, there are 187 contracted projects, out of which 29 completed.

Most of the projects related to sM 6.3 fall into two sectors of activity - mixed crops and the beekeeping sector - and are located mainly in the normal area and in the mountain area.

The increase of sales - The increase of sales in the beneficiaries of sM 6.3 is a positive effect of NRDP - with small differences among sectors and types of rural areas. Similarly, beneficiaries of sM 4.1 associative forms experienced an increase in sales thanks to the increased access to local markets and the stronger role of small farms in the local supply chain (see paragraph 3.2.5).

The increase of production - Production increase has been studied as a specific effect of sM 4.1 and sM 4.1a investments. **So far, the effects on production have been limited.** For the beneficiaries of



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

sM4.1 the production capacity of small farms has started to increase, but the investment has not yet produced all the desired effects in terms of increase of sales. For the beneficiaries of sM4.1a, it is too early to make a complete assessment. Beneficiaries need more time to start the fruit production.

Capacities and skills level - Analysis of selection criterion n.1 and questionnaire survey to beneficiaries allows for examination of capacities and skills. Analysis of gender partitioning suggests there's no big difference in the training of men and women while the beneficiaries with more than 40 years have a higher educational level compared with younger people. **In terms of sectoral differences, well-qualified⁴⁷ beneficiaries are specialized in viticulture and field culture, while the less qualified are in the beekeeping sector.**

The analysis also has focused on the effects of PNDR investments on the capacities and skills in particular on the use of new technologies. In this regard, **80% of sM 4.1 surveyed small farmers experienced the introduction of innovative technologies in particular in normal rural areas than in mountain areas.** The results show that the young farmers (younger than 40 years) with higher level of scholarship is more inclined to change the farm activity, to introduce innovations and to open new market possibilities.

Reducing land abandonment - PNDR has contributed positively to reducing the land abandonment by supporting small farmers through sM 6.3 and 4.1. More precisely, the PNDR support has contributed to keeping local population in the rural areas, offering an alternative viable option to migration. This has implied in particular for sM 6.3 beneficiaries to change the type of work, concentrating in the agriculture sector rather than in other domains. **In this regard, almost half of sM 6.3 small farmers were not working in the agricultural sector as the main occupation before PNDR support.** From a territorial point of view, **the impact is higher in mountain areas**, where the risk of emigration and land abandonment is higher.

The conclusion is emphasized in the Evaluation study IV - Mountain Area „*The support provided through the NRDP was usually an effective tool for increasing the number of people employed and reducing the possibility of abandonment. In many cases, the problem relates more to the migration of farmers to other countries than actual abandonment of land. Only in more isolated areas, where there is no economic interest, the problem of abandoning agricultural land is not associated with the phenomenon of labour emigration. The investments done in mountain area are considered of fundamental importance by the beneficiaries.*”

⁴⁷ A unique category of applicants who completed a higher education in agriculture and applicants who completed post-secondary or secondary education in agriculture was proposed for analysis.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

4.2 EQ 2 – To what extent has the support provided by the NRDP contributed to increasing the market orientation, job opportunities and incomes of small farms?

The evaluation has examined the NRDP contribution towards: (1) the stronger orientation of small farms to market, (2) creating job opportunities, (3) creating income opportunities.

The analysis has focused on some specific PNDR sub-measures (sM 4.1, sM 4.1a, sM 4.1 ITI, sM 4.1a ITI, sM 6.3 and sM 6.3 ITI) supporting small farms as for the previous evaluation question.

Stronger orientation of small farms to market - The beneficiaries of **sM 6.3 have started to diversify the distribution methods on the market**. At the territorial level, this diversification was recorded more in normal rural areas, with values three times higher than in mountainous areas.

The small farms have increased all the main typologies of market channels, while the bigger reduction is in the commercial activities with whole sealers. As to follow the consumer needs and increase the food commercialization, more than half of the beneficiaries of **sM 6.3 have started to produce new products**. Meanwhile, the beneficiaries of **sM 4.1 have initiated a preliminary process of production diversification** that have started to give the first results.

Creating job opportunities - The investments promoted by sM 4.1 have given a greater opportunity to the small farms to increase jobs compared with the beneficiaries of sM6.3. The main reasons are the different amount and typologies of investments in sM 4.1 compared to the farmers subsidy of 15.000 euro with sM6.3. At **territorial level, a higher increase in job opportunities is registered in mountain areas, for beneficiaries of sM6.3, and in normal areas, for beneficiaries of 4.1**. In the family farms, there are not big difference in the different typologies of family members involved in the main activities. The breakdown of the analysis at sectoral level shows three degrees of increase in job opportunities: (a) **low** for the small farms involved in "Horticulture", (b) **medium** for "beekeeping", "mixed - cultures", and (c) **high** for the "mixed – cultures and animals", "Cattle breeding for milk", "Field cultures and "Permanent cultures".

Creating income opportunities - The demand increase has contributed to increasing income for sM 6.3 beneficiaries. Compared to all the small farms beneficiaries of sM 6.3, the family small farms have had a lower increase in the income but nobody has declared a reduction⁴⁸.

The greater number of farms beneficiaries of sM 6.3. with an increase of income over 10% is located in areas of significant constraints, followed by farms in normal areas, while in mountain areas most farms have had an increase in income between 5% and 10%.

Surveyed sM 4.1 beneficiaries show a different situation from sM 6.3. A half of small farms beneficiaries of sM 4.1 have a positive increase, while the rest see no effects.

⁴⁸ An agricultural holding owned by a family business or a legal person whose associates are exclusively members of the same family - spouse and relatives up to and including the third degree. The value is obtained according to the selection criteria (SC4).

**EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**

4.3 EQ 3 – To what extent has the support provided by the NRDP encouraged the association of small producers and facilitated the transformation of small farms from subsistence farms into commercial farms?

The evaluation has examined the NRDP contribution to transformation of small farms and association of small producers. The analysis has focused on specific sub-measures, based on which the NRDP supports the small farms and the association of small producers (sM 6.3, 6.3 ITI, sM 4.1, 4.1 ITI, 4.1.a, 4.1.a ITI, sM 9.1, 9.1a și sM 16.4, 16.4a).

Association of small producers and transformation of small farms – The NRDP has contributed to the association of small producers. The average number of small farms in the associative form beneficiaries of 4.1 is lower in absolute term but have shown a little increment in the last years. The sM 16.4 have had a great emphasis in the new experimentation of associative form creation.

The NRDP interventions have contributed to supporting cooperation first of all in normal areas, compared to mountain areas and areas of significant constraints. At the sectorial level, the high judgement on the positive effects of cooperation are given by the farm involved in: field cultures, horticulture, mixed cultures, while for the sheep and goat breeding sector there is a less positive judgement.

For the beneficiaries of 6.3 the NRDP has had the following main effects: a big effort in the transition from subsistence to commercial agriculture. Furthermore, NRDP was considered essential in maintaining farm activities.

For the beneficiaries of 16.4 the PNDR support was relevant for the development of small farms, but not necessary for their survival and maintenance of their activities, regardless the sector.

At territorial level the beneficiaries of small farm located in area Montana are divided in two equal groups: one group that consider the grant necessary to maintain the activity and the other group that consider the grant as an opportunity to increase the commercial activity.

On the other hand, in areas of significant constraints and normal areas the large majority of small farms have used the grant to maintain activity.

At the sectorial level, the sectors of “mixed cultures” and “field cultures” have used the support to transit from subsistence to commercial activity, while for the rest of the sectors the main motivation was obtaining the support so was to maintain activity.

**EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**

4.4 EQ 4 – What is the structure of associative forms in terms of the economic dimension of agricultural holdings (farms) that are members of associative forms?

The general criterion for evaluation is the structure of the associative forms from the point of view of the economic size of the farms (standard production). The analysis has focused mainly on associative forms (cooperatives or producer groups) supported by sM 4.1, producer groups in sM 9.1 and horizontal and vertical cooperation in sM 16.4 and 16.4a. The evaluation has conducted a recognition of the implementation of the aforementioned measures at the end of 2019.

Associative forms in sM 4.1 - 63 projects have been contracted to support associative forms under sM 4.1, but none was finalized yet. These are mainly concentrated in areas of significant constraints but also in normal and mountain areas. The average presence of small farms in each associative form is 5,3 with a large difference among projects. More precisely, in the sM 4.1 the 50% of every associative form have less than 2 small farms, while 42% have between 3 and 6 small farms. At sectoral level there is a large number of associative forms in the “field cultures”, the only sector that in the last years have increased the number of small farms in the associative forms. The number of small farms has increased in the smaller associative forms supported by sM 4.1. More precisely, 20% of the associative forms formed predominantly by agricultural holdings over to 12.000 standard outputs have seen an increase in small farms, while the percentage reaches 50% for those formed predominantly by agricultural holdings up to 12,000 standard outputs.

Producer groups in sM 9.1 - 10 projects have been contracted with new resources under sM 9.1, but only one finalized, while no project has been contracted yet in the fruit sector (sM 9.1a). Moreover, there are 33 transition projects contracted for sM 9.1 (M142), of which 27 are finalized. Most new and transition projects are concentrated in the field crops sector and less in the pig, cattle and beekeeping sector. Projects targeting field crops are more common in all regions of Romania, while projects in the pig farming sector are concentrated in the South-East and North-West regions, respectively projects in the beekeeping sector are more concentrated in the South-East and South-Muntenia.

The sM 9.1 new contracts have on average a smaller number of exploitations for each group, but a higher contracted value and turnover per exploitation. The sample of 8 producer groups answering the questionnaire shows that 40% of the producer group partners are small farms (with standard production of 8,000 – 11,999 SO) 31 of 78 partners according to the survey respondents. One producer group has no small farm involved, while another one is composed only by small farms.

In this regard, it is important to highlight that selection criterion n.5 (giving maximum 20 points of 100 of the total score) was promoting the involvement of small farms as follows. 20 points were attributed to each farm from 1.000-11.999 euro of Standard Output (SO), 15 points for 12.000-50.000 euro SO, 10 for farms between 50.000 and 100.000 euro SO. The score is awarded in proportion to the number of members that fall within the agricultural holdings managed in the economic dimension intervals related to the selection criteria a), b) and c). The scores of the three criteria can be aggregated.

Horizontal and vertical cooperation sM 16.4 and 16.4a - At the end of 2019, 50 projects were contracted and 7 finalized under sM 16.4, while 21 contracted and 1 finalized for sM 16.4a. In terms of sectoral coverage, while projects of sM 16.4a regard the fruit sectors, most sM 16.4 projects do not



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

indicate a clear reference to a single sector. Among the projects indicating a sector, the most frequent are vegetables and beekeeping or bee products.

The implementation of sM 16.4 shows a strong territorial concentration. The most frequently represented region is the North-West region with 26 of the total 50 projects. What is remarkable is that 19 of 26 projects in North-West region are concentrated in Cluj county, which hosts 38% of the projects supported in sM 16.4. The vast majority of sM 16.4a projects (13 of 21, of which 10 are in Cluj county) are also in South East Region as in sM 16.4.

The cooperatives established with sM 16.4 contracted projects involve 288 partners of which 48% are farmers (139), for a total amount of 130 exploitations. In terms of leadership of the cooperatives 20% are farmers (10 of 50). A similar situation applies to sM 16.4a where 43,5% of the partners (47 of 108) are farmers, 5 of 21 project leaders are farmers (20%). In this regard, it is important to highlight that selection criteria (notably selection criterion n.2) promote the **participation of these types of entities** (e.g. local councils, NGS, schools etc.) awarding a higher score, but do not foresee any similar scoring for small farmers.

At the same time, it is interesting to analyze the performance in terms of scoring of projects in the assessment phase against selection criterion n.4 “principle of local market” comparing all the projects and those lead by farmers. Selection criterion n.4 is expected to give more importance to local markets and production, in which farms and small farmers are usually more active. However, the selection criterion n.4 has a lower average value, in both sM 16.4 and 16.4a, when there is a farmer as leader of the horizontal cooperation. Therefore, when a project has a farmer as a leader of the cooperation is relatively less likely to contribute to local markets according to what emerges from the contracted projects.

Horizontal and vertical cooperation of sM 16.4 and 16.4a – While on average there are 2,5 small farms for each cooperation, small farm cover 37% of the total number of partners in the associative form of sM 4.1, while this value is about the 98% in the case of sM 16.4. **16.4 and 16.4a survey projects partnerships** on average include:

- 5 partners in fruit sector (16.4a),
- approximately 6 partners in the projects not indicating the sectors and those covering all the other sector (including wine, dairy products, fruit, potatoes, etc.),
- 5,25 partners in beekeeping and bee products,
- 4,6 partners in vegetables.

In all, but one, surveyed projects, there is at least one small farm. The presence of small farmers is higher (around 3 on average for each project) in the vegetable sector and in the projects not indicating any sector

Overall, although **the presence of small farms differs across the various sub-measures, the analysis shows small farms are usually active and part of associative forms. In this regard, associative forms, producer groups and horizontal and vertical cooperation represent a key opportunity to promote small farm growth.** This finding is different from what highlighted in the literature where both in Poland and Romania, producer organizations include corporate farms and household farms, the latter being „no small, semi-subsistence farms, but have output levels similar to corporate farms. This means that in Romania the farms which benefit most of the activities provided by the PO are medium sized



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

*farms and not the majority of the farms, which are small, semi-subsistence farms”*⁴⁹. The finding from this evaluation is different from the literature and highlights that small farms are key actors and partners of producer groups.

4.5 EQ – To what extent has the support from the NRDP contributed to the integration of small producers in the agri-food chain and to the strengthening of their bargaining power?

The evaluation questions examined programme implementation and effects by considering two general evaluation criteria: (1) integration of small producers in the agri-food chain, (2) increasing their bargaining power (ex. The existence of an advantage for small producers, in their relation with the other actors of the agri-food chain, after NRDP support).

The analysis regarding measure 4 (sM 4.1 and sM 4.1 ITI; sM 4.1a and sM 4.1a ITI), If the beneficiary belongs to the category of cooperative or group of producers (which was identified on the basis of the monitoring system, column “legal person”). In addition, the analysis will cover sM 9.1 and 9.1a – establishing groups of producers in the agricultural sector and sM 16.4 and 16.4a – support for the horizontal and vertical cooperation between actors in the supply chain in the fruits sector and the agricultural sector.

Integration of small producers in the agri-food chain - The public support under the NRDP has helped increase the degree of participation of small farm in the local food chain but remarkable differences across sectors and measures.

For sM 9.1, PNDR support has been more effective in contributing to the integration of small farms in the supply food chain from the point of view of productive capacity in the sector of animals, notably swine and beekeeping.

The projects under the sM 16.4 have had a relevant (90%) impact in the contribution of integration of small farm producers in the agri-food chain. The sub-measure was built with a specific selection criteria (P4) that have given a high incentive to the short supply chain integration of projects with the local market giving a maximum of 25 point (25% of total points obtained). This selection criterion was applied by the 85% of beneficiaries of sM 16.4 giving a high emphasis of the integration of small producer in the local agri-food chain projects that propose integration. Thanks to this selection criteria the sub-measure has helped concretely the creation of new network and has reduced the geographical distance between the production and the selling points.

Regarding the integration of small farms in the supply chain from the point of view of the production, **16.4 and 16.4a surveyed projects tend to disagree with the idea of small farms being more integrated in the supply chain after the programme support**, in particular in the bee sector. On the other hand, more positive judgements are provided by the projects specialized in vegetables and not identifying any sector

⁴⁹ European Commission 2014, DG Competition, “Assessing efficiencies generated by agricultural producer organizations” - Report by Kristine Van Herck.

**EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**

Increase in bargaining power – Evaluation study II - conducted for the AIR 2018⁵⁰ already had highlighted the lack of relevant increase in the share of the final price of agricultural products to primary producers. The local food chain needs more time to increase the total value of the products and give an effective increase of the value of primary products. In any case, in some parts of the country, the local market started to stimulate the increase in the demand of quality product from the small farms thanks to NRDP.

In the case of sM4.1, the increase in the bargaining power of small farms is low - only 50% of beneficiaries have noticed improvements in this regard. However, all beneficiaries agree that the NRDP strategy facilitates cooperation, with the following considerations: for larger farms (over 12,000 SO), the capacity of the NRDP to support integration in the supply chain and the promotion of local markets is considered relatively low. (6 points were awarded on average, out of a total of 10), while for small farms (below 12,000 SO), the PNDR contribution seems to be higher (7 points were awarded on average for the integration of small farms and 9, 5 points for promotion on local markets). These findings can be explained by the size of the farms, which the smaller the effectiveness of PNDR support. Moreover, associative forms consisting mainly of medium-sized farms are not necessarily interested in the demand of local markets, because their products (eg cereals, durum wheat, etc.) are not products intended for sale to the local market, but for processing or marketing. high. In the near future, associative forms could affect and even change the supply chain, provided that the demand for local products becomes stronger.

Concerning sM 9.1, the survey shows that for 75% of the survey groups (6 of 8 surveyed groups) **sM 9.1 has effectively contributed to increasing the bargaining power in particular in terms of marketing of agricultural products**. Nonetheless, in few cases, 2 of 8, the PNDR support has contributed to influencing the market price. In spite of the **sM 16.4 and 16.4a effects on the increased production capacity, this does not automatically lead to increased bargaining power on the market and production**. 57% of the respondents can identify after the programme support tangible effects on the small farm capacity to sell on the market (in particular in the fruit sector), while 38% do not experience any effect.

In sM 9.1, 16.4, 16.4a the analysis shows **that the most associative forms would have been set-up even without PNDR support**. This shows that the PNDR support is not the *raison d'être* of the group and can be a good element for the sustainability in future. However, as highlighted by the literature, the key factor ensuring the sustainability of a producer association is the fact that the cooperation gives more advantages than individual actions.

⁵⁰ Annual Implementation Report submitted to the EC in 2019

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

4.6 EQ 6 – To what extent has the support from the NRDP contributed to increasing access to credit and introducing innovative ideas among small producers?

This evaluation question has been addressed by focusing on all the sub-measures, notably 4.1, 4.1a, 6.3, 9.1, 16.4, 16.4a. Two evaluation criteria have been considered: access to credit and contribution to innovation.

Access to credit - The analysis of sM 9.1, 16.4 and 16.4a implementation and evaluation activities does not show any specific benefit of the PNDR support for the access to credit beyond the financial value of the grant. On the contrary the specific analysis conducted involving beneficiaries of sM 4.1 and 6.3 shows more interesting findings.

- For the beneficiaries of sM 4.1 associative forms, the provision of co-financing is considered the most difficult problem for one third of beneficiaries, while for the large majority the beneficiaries the best way to receive financial support is the lower loan rates to ensure the co-financing rate for projects/investments.
- In the case of sM 4.1 small farms, the needs of collateral guarantees/deposits in order to obtain the necessary loan to provide the co-financing for projects/investments is greater.
- **In the case of sM6.3 the majority of beneficiaries need more technical assistance** for assessing costs and benefits of new investments.
- At territorial level there is a substantial uniformity in the needs of farmers located in normal and mountain areas. At sectorial level, each sector has different financial needs, which also reflects the specific situation of each farm and market fluctuation.

Contribution to innovation – The analysis of producer groups under **sM 9.1 has not identified any evidence about the contribution of producer groups to innovation at farm level**. On the other hand, the **PNDR support through sM 16.4 and 16.4a contributes to stimulating the following types of innovation**

- The use of new technologies in the food production sector
- Development of new services/products
- Promotion of new organizational models
- Introducing new forms of cooperation and knowledge exchange between the food production sector and the research sector.

Nonetheless, sM 16.4 and 16.4a projects do not develop process innovation in terms of production and new methods and techniques or process nor create EPI operational groups (European Innovation Partnership). These findings are valid across all sectors. Some of the partnerships analyzed promoted activities of knowledge transfer and exchange of experience as follows:

- The partners made a transnational visit (Spain), on topics related to the advantages of local markets and short supply chains, in order to improve their skills.
- The producers involved in the project benefit from know-how from experts regarding marketing, promotion and sales techniques.
- Visits to farms, for educational purposes, to present agricultural products.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Exchange of experience and knowledge transfer between a research unit, respectively the University of Agricultural Sciences and Veterinary Medicine Cluj Napoca and the members of the Association for Producers of Traditional and Ecological Products Hunedoara.

The main effects in terms of innovation come from sM6.3, sM 4.1, sM4.1a. In this regard, the analysis of the projects shows that the implementation of NRDP has helped the introduction of innovation also in the small farm but at lower level compared with large farms.

The assessment builds on farmers' perception (sM6.3, sM 4.1, sM4.1a) of innovation in comparison with other operators in the same area. As a result, it was emphasized that, in the case of sM4.1 and sM 4.1a, the conditions for encouraging innovations, mobilizing resources, setting up virtuous circles and dynamics was created in most of the cases. The perception of sM4.1 and sM 4.1a small farm beneficiaries is positive but lower than the value obtained by applying the same question to all of 4.1 during the evaluation Study II delivered with AIR 2019.

In this regard, it is important to highlight that innovation is not restricted to a technical or technological dimension, small farmers do not necessarily apply 'new' technologies: their novelties emerge as the outcome of 'different approaches and different ways of doing things' and in recombining different pieces of knowledge in an innovative way.

At territorial level there are some differences between areas of significant constraints, where the perception level of high innovation is lower of than normal and mountain areas. At sectorial level, the permanent cultures (69%) and the beekeeping (65%) sectors have the higher values of innovation, while the lower level is in the field crops sector (46%) and in the mixed crops sector (44%).

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

5. Conclusion and recommendations

5.1. Conclusions and recommendations for EQ 1

Conclusions - NRDP has contributed positively and successfully in supporting the performance of small farms by:

- reducing land abandonment, especially in mountainous and marginal areas, creating income and employment opportunities for the population to remain in rural areas, given that almost half of the beneficiaries of MS 6.3 sM were not employed in the agricultural sector; More precisely; 66% of sM6.3 beneficiaries, without the aid of sM6.3, would have searched for another job activity (different from agriculture), in another location, with the indirect consequence of the land abandonment. Moreover, 48% of sM 6.3 beneficiaries were not involved in agricultural activities, while for sM 6.3 beneficiaries the grant was one of the main motivations to become a farmer and stay in rural areas. 80% of sM 4.1 beneficiaries state that the investment done with PNDR helps reducing land abandonment. The analysis also shows a territorial dimension of programme impact: for 58% of small farms under sM 6.3 located in mountain areas, the support was essential for maintaining the activity.
- increase sales by ensuring better market access, even if so far the effects on production are more expected than real, especially in the fruit sector; The analysis of the monitoring data, as well as those from the opinion poll applied to the beneficiaries, shows that we are in a still incipient stage, regarding the identification of substantial effects on production, as a result of the support offered by sM 4.1 and sM 4.1a. These effects are expected, but have not yet been achieved. Especially in the fruit sector, beneficiaries need a longer period of time to obtain and sell the products, given the time interval that the plantation has to go through to reach maturity.

Also the acquisition by the beneficiaries of new skills in terms of cultivation practices and use of technologies, in the context in which young farmers have a high level of education and a more pronounced tendency to change the activity of the farm, through innovation and access to new opportunities offered by the market. The analysis indicates that young farmers (up to 40 years old), with a higher level of education, are more prone to change activities on the farm, as well as to innovation and the opening of new markets.

Recommendations – The present evaluation suggests the Managing Authority to concentrate on two main aspects: **ensuring sustainability of the effects** of the interventions and **increasing capacity and skills for ensuring high long-term performance** of small farms.

In order to ensure the sustainability of the NRDP effects, as highlighted in the SALSA Horizon 2020 project, it is necessary to ensure that national rural policy has the capacity to address in the future the needs of small farmers in a comprehensive way, by targeting investments during 2021-2027 especially to: marketing local production; adequate infrastructure (e.g. water infrastructure) to combat drought and climate change and to avoid marginal areas having a higher risk of land abandonment. This would imply confirming for the future programming period a similar approach to the 2014-2020.

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

However, compared with the current programming period, it is necessary to increase programme contribution to capacity and skills creation by promoting knowledge and innovation systems in agriculture, with ad-hoc training programs for small farmers and training interventions in the early phase of the new programming period. In this regard, it is worth mentioning that according to the European Commission report published in 2018, Agricultural Knowledge and Innovation Systems (AKIS) are poorly developed and fragmented in Romania⁵¹. In this regard, the evaluators suggest the Managing Authority and programme stakeholders the following two strategies.

First of all, the AM should take stock of the experiences launched and implemented in Romania and in other European countries to face the ongoing crisis due to COVID-19. In this regard, the Managing Authority could assess: a) the effectiveness of the recently introduced Romanian platform promoting marketing of small farms; b) its potential for future extension and use in the post-2020 and post-COVID-19 period; c) similarities and differences with other initiatives such as *Südtirol liefert* platform showcasing all initiatives connected with agriculture and food products in the region, the Hungarian online platform connecting food producers, the French producer platform developed, the experience of the Basque cooperative *Urduñako Zaporeak*⁵².

Secondly, following other European experiences from rural development programmes and Horizon 2020 thematic networks, the AM should reinforce the capacity and skills for small farms development. This could be done by promoting formal partnership of exchanges between business / industry, research entities and small farms, but also informal knowledge exchange networks, such as **online platforms for local producers, forums related to small farms development, ad hoc events / meetings for disseminating good ideas and practices as well as hackatons**⁵³. An interesting experience in this regard comes from the Thematic networks developed under Horizon 2020.

5.2. Conclusions and recommendations for EQ 2

Conclusions - The beneficiaries of sM 4.1 and sM 6.3 started to diversify market channels and obtain new products to meet consumer needs and increase the marketing of agro-food products. The

⁵¹ European Commission (2018), Agricultural Knowledge and Innovation Systems Stimulating creativity and learning. EIP-Agri – Agriculture & Innovation

https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/eip-agri_brochure_knowledge_systems_2018_en_web.pdf

Termenul de Sisteme de Cunoaștere și Inovare Agricolă (AKIS) vizează sistemul de schimb de cunoștințe: modul în care oamenii și organizațiile, inclusiv fermele mici, interacționează într-o țară sau o regiune. AKIS poate include practica agricolă, întreprinderile, autoritățile, cercetarea și poate varia foarte mult, în funcție de țară sau sector.

⁵² https://enrd.ec.europa.eu/news-events/news/promoting-local-food-through-online-platforms-experiences-across-eu_en

⁵³ A hackathon (also known as a hack day, hackfest or codefest; a *portmanteau* of hacking marathon) is a *design sprint*-like event; often, in which *computer programmers* and others involved in *software development*, including *graphic designers*, *interface designers*, *project managers*, *domain experts*, and others collaborate intensively on *software* projects. https://enrd.ec.europa.eu/rural-responses-covid-19-crisis_en. Platforma on-line a producătorilor locali din România este disponibilă aici https://enrd.ec.europa.eu/news-events/news/online-platform-dedicated-small-producers-romania_en (accesată în aprilie 2020). Exemple preliminare și instrumente furnizate de DG Grow sunt disponibile la <https://webgate.ec.europa.eu/fpfis/wikis/display/SEC/Online+session+1%3A+Civil+society+and+Social+Economy%27s+response+to+Covid19> (vizitat în April 2020). The reference to the Spanish fablab example can be found here: https://enrd.ec.europa.eu/news-events/news/covid-19-response-role-platforms-commons-and-fablabs_en.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

diversification is greater for beneficiaries in mountain and normal areas, compared to the ones from areas with significant and specific natural constraints.

The increase in demand generated an increase in revenues at the level of SM beneficiaries 6.3. However, the investments supported by sM 4.1 offered to the farms greater opportunities in terms of increasing the number of jobs, compared to the beneficiaries of sM6.3.

The effect produced at the level of small farms supported by sM 6.3 and sM 4.1 is different. In the first case, given the low value of funding, the sM 6.3 intervention normally introduced new working capital⁵⁴ into agricultural activities, which produced some effects, but is not sufficient to maintain these effects in the future. Differently from sM 4.1, sM 6.3 supports small-sized interventions, which have a limited impact on the structure of small farms.

In the second case, even if the investments made through SM 4.1 generated higher costs, they began to change the strategy and structure of the farm.

Obviously, the number of small farms benefiting from the support provided by SM 6.3 is not comparable to the number of small farms supported by SM 4.1, but it is necessary to highlight these aspects to better understand the findings.

Recommendations – For the next programming period, the evaluators propose the following recommendations:

- **Development of a new way of collecting data at farm level, which will also be used for evaluation activities.** Given the need to verify the 20% increase in income in order to grant the second instalment⁵⁵, it is recommended to develop, in the monitoring system, an improved way of collecting data derived from the Farm Business Plan, in order to compare the initial situation of the agricultural holding with the results obtained in the future. A set of indicator on small farm performance could be collected before and after the project. These indicators should be made available for evaluation purposes in a format they can be processed and analyzed. These should reflect the outcome variables of the business plans, cover the main evaluation criteria used in the present study and regard: jobs, family and farm income, indicators on the type of markets, sales, production, number of initiatives reinforcing AKIS. Information on these indicators could be collected either through the monitoring activities or through a sample of small farms within the RICA structural surveys.
- **Supporting the beneficiaries with small farms in conducting investments in physical assets, by adopting more appropriate selection criteria** and forecasting the effects of reducing the minimum threshold of the economic size from 8000 to 6000 SO, in order to allow a larger

⁵⁴ All expenditure proposed in the AP, including working capital and activities relevant to the proper implementation of the approved AP, may be eligible, regardless of their nature.

⁵⁵ Before requesting the second payment tranche, the applicant proves the increase of the economic performance of the holding, by marketing its own production at least 20% of the value of the first payment tranche (the requirement will be verified when finalizing the implementation of the business plan)

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

number of farms, already active, to make new investments. To support beneficiaries under sM 4.1, separate budget allocation and priority to small farms could be given.

5.3. Conclusions and recommendations for EQ 3

Conclusions – The support invested in the associations of small producers has started to provide the first partial results. The support provided by NRDP encouraged the transition from semi-subsistence to commercial agriculture, but in a different way at the level of small farms, compared to the situation at national level.

NRDP favored the inclusion of small farms in the associative forms of sM 4.1, more in the normal area than in the mountainous area or in the areas with significant constraints. At sectorial level, beneficiaries working in the field of field crops, horticulture or mixed crops mainly indicate the positive effects of cooperation.

Young female beneficiaries mainly undertook actions that favored the transition from subsistence to commercial forms, while young male beneficiaries were more inclined to maintain activities than to develop new ones. Young female beneficiaries, with projects funded under SM 6.3, have taken action to increase market activities and diversify the distribution channel, largely due to NRDP support. On the other hand, young male beneficiaries considered that the main result of NRDP support is the maintenance of agricultural activity.

These different results may be motivated by the need to solve everyday problems (male beneficiaries) and to provide a perspective on the future (female beneficiaries). In any case, it is clear that maintaining agricultural activities is the first step needed to move the farm from the stage of semi-subsistence to commercial and that the different views of young beneficiaries, women and men alike, need to be considered together.

In the mountain area, a significant number of farms considered financing as an opportunity to increase business activity, while most beneficiaries in the normal area and in areas with significant constraints believed that the financing has helped them maintain their activity.

At sectorial level, almost half of small farms with areas of activity such as mixed crops and field crops used funds to make the transition from subsistence to commercial activity, while for small farms in other sectors the main motivation for accessing funds was the maintenance of the activity.

Recommendations - In order to reduce land abandonment and stimulate the transition from semi-subsistence to commercial activities, PNS 2021-2027 interventions need to take into account the followings:

- First, it is recommended to encourage structural changes on the farm and open up agricultural production to the market, by offering opportunities to farmers up to 63 years old. The recommendation is formulated in the context in which, according to the results highlighted during the evaluation, sM 6.3 projects, implemented by young farmers (up to 40 years old), are generally more likely to promote innovation and the transition from subsistence to commercial agriculture;
- Secondly, since some marginal rural areas as well as mountain areas have a greater need of transforming semi-subsistence farms into more oriented to the market activities, the

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

evaluators suggest that the Managing Authority considers for the future interventions the territorial dimension of rural development in a similar way to what has been done in the 2014-2020 period. In particular, various alternatives are suitable to promote the overall attractiveness of rural areas: budget for specific territories (e.g. mountain areas), combining several types of interventions (e.g. infrastructure investments, agro-environmental measures, small farm support, physical investments), promoting the bottom-up approach (through LEADER), coordinating various national and EU funds in order to make rural areas more attractive and to ensure stronger coordination and greater effectiveness.

The support provided for the creation of small producer associations is directly connected to the needs of strong local cooperatives, which occupy the position of leaders of the associations. Post-2020 CAP interventions need to encourage investment in skills and competences, as they are particularly important in inspiring small farming communities towards a strong development trend.

5.4. Conclusions and recommendations for EQ 4

Conclusions In general, although the presence of small farms differs at the level of sub-measures, the analysis shows that small farms are usually active and are part of associative forms. In this respect, associative forms, producer groups and horizontal and vertical cooperation, supported by the NRDP, represent a key opportunity to promote the development of small farms. This aspect indicates that the added value of the programme is a not the one concluded from the literature, according to which the associative forms in Romania are mainly networks formed by larger corporate farms, than by small farms. However, it is important to highlight the strong territorial and sectorial concentration of these associative forms, which could be explained by the fact that they represent pioneering experiences in association and are based on the existing capacities and willingness of local actors to cooperate.

Recommendations –

- With regard to producer groups, it will be useful to improve the business plans that have been considered, by the literature, not always realistic to support the associative forms concretely. In this regard, a support similar to that provided through Measure 2 should be provided as soon as possible in the new programming period, considering also the delays in the current programming period 2014-2020⁵⁶. However, the evaluators suggest the Managing Authority to focus on the two following recommendations.
- Regarding sM 16.4 and 16.4a, it might be useful to include a selection criterion on the number of small farmers included in the form of cooperation, similar to that provided for in sM 4.1. It could complement the existing selection criteria - No. 1 (on the number of partners) and No. 4 (on the impact on local markets).
- Considering the territorial concentration and also the remarkable sectorial concentration of associative forms, the programme authorities could consider including selection criteria to disseminate program support to other areas or sectors.

⁵⁶ Bozgå, I.; Bozgå, A.N.; Cristea, A.; Nijloveanu, D.; Tita, V.; Crucea, C.; Gheorghe, N. (2016).

**EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020**

5.5. Conclusions and recommendations for EQ 5

Conclusions - The support provided by the NRDP has contributed to increasing the participation of small farms in local agro-food chains, but with remarkable differences between sectors and measures.

For sM 9.1, NRDP support has been more effective in helping to integrate small farms into the supply chain, in terms of productive capacity in the livestock sector, especially pigs and bees. The projects within sM 16.4 had a relevant impact (90%) by contributing to the integration of small producers in the agro-food chain, due to the selection criterion no. 4, providing a good incentive for the integration of projects in the short supply chain (25 points, respectively 25% of the maximum granted). Regarding the integration of small farms in the supply chain from a production point of view, the beneficiaries of projects financed by sM16.4 and 16.4a, included in the survey, tend not to agree with the idea that small farms are more integrated in the supply chain, as a result of the support provided by the program, in particular in the bee sector. On the other hand, several positive opinions are offered by the beneficiaries of projects specialized in the vegetable sector.

The evaluation study II - related to AIR 2018 has already highlighted the lack of a relevant increase in the final prices charged by primary producers to agricultural products. However, sM 9.1, 16.4, 16.4a have contributed in improving marketing and strengthening the production of small farms and increasing their bargaining power.

Recommendations - For horizontal and vertical cooperation, it is useful to confirm the selection criterion no. 4 of sM 16.4 - the principle of "local markets" (i.e. smaller geographical distance between point of production and point of sale), which contributed to the increase of integration in the supply chain.

The local agri-food chain needs more time to increase the total value of products and to provide an effective increase in the value of primary products. In any case, in some parts of the country, the local market has started to stimulate the growth of the demand for quality products from small farms, thanks to the support of NRDP. Therefore, the evaluators suggest replicating the analysis in a few years to see to what extent the bargaining power and integration of small farms in the food chain have increased and strengthened.

5.6. Conclusions and recommendations for EQ 6

Conclusions - Regarding access to credit, the analysis of the implementation of SM 9.1, 16.4 and 16.4a and the other evaluation activities does not indicate any specific benefit of NRDP support for access to credit, beyond the financial value of the grant. On the other hand, the specific analysis performed at the level of beneficiaries' sM 4.1 and 6.3 highlights more interesting findings. **One third of the beneficiary associations of MS 4.1 consider that co-financing is the most difficult issue**, while the vast majority of the same category of beneficiaries believe that the best way to receive financial support is by providing the possibility to pay instalments, lower loans, to ensure the co-financing rate of projects / investments. In the case of small farms supported by sM 4.1, the need for collateral / collateral deposit, in order to obtain the loan necessary to ensure the co-financing rate of projects / investments, is higher. The survey conducted with sM 6.3 beneficiaries has indicated that they would

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

be prefer receiving additional support from the programme in the form of technical assistance rather than financial instruments.

The analysis of producer groups supported by sM 9.1 did not identify any evidence of their contribution to innovation among farms. On the other hand, the NRDP support, offered through SM 16.4 and 16.4a, contributes to stimulating innovation through the use of new technologies, the development of new products and new organizational ways and the introduction of new forms of cooperation, exchange of experiences and exchange of knowledge.

The main tangible effects on innovation come from the sM6.3, sM 4.1 and sM4.1a projects, located in the mountain area and the normal area, whose beneficiaries are over 40 years old. In this sense, the analysis of the projects, based on the perception of farmers, shows that the implementation of the NRDP has helped to introduce innovation in small farms as well, but at a lower level compared to large farms. In this regard, it is important to emphasize that innovation is not limited to a technical or technological dimension, with small farmers not necessarily applying new technologies - their innovations appear as a result of different approaches and ways of doing things and the recombination of different knowledge. -an innovative way.

Recommendations – With regards to access to credit, the Managing Authority could take into account the flexibility proposed by the European Commission in the use of financial instruments, in particular in response to the crisis caused by the COVID-19 pandemic. In this regard, farmers and other categories of beneficiaries of rural development will be able to benefit from loans or guarantees to cover operational costs of up to EUR 200,000, on favorable terms, such as very low interest rates or favorable payment programs⁵⁷. In this regard, the European Commission has recently proposed the amendments of the EU Regulation 1305/2013 permitting emergency assistance to farmers and SMEs particularly affected by the COVID-19 crisis in the form of a lump sum payment not exceeding EUR 7,000 per farmer and EUR 50,000 per SME. This amendment has the limit to 2% of the total EAFRD contribution to the rural development programme.

To further promote innovation, evaluators recommend that the Managing Authority:

- coordinate and share innovative best practices between small farms, through a social network or a communication initiative, following the example of the initiative developed by the European Rural Network;
- introduces certain ad-hoc selection criteria in the future design of interventions dedicated to supporting associative forms;
- promoting a specific hackathon⁵⁸ for small farms, in order to discuss innovative ideas for the development of small farms⁵⁹, based on the experience of Spain in adopting solutions to minimize the economic effects of COVID-19.

⁵⁷ https://ec.europa.eu/info/news/coronavirus-commission-announces-further-measures-support-agri-food-sector-2020-apr-02_en (visited in April 2020).

⁵⁸ A is a design sprint-like event; often, in which computer programmers and others involved in software development, including graphic designers, interface designers, project managers, domain experts, and others collaborate intensively on software projects

⁵⁹ https://enrd.ec.europa.eu/news-events/news/rural-hackaton-against-covid-19-crisis_en.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- for the next programming period, emphasis could be placed on the AKIS regarding the development of these categories of farmssmall farms, by promoting knowledge exchange platforms and initiatives between farmers, industry, research and other relevant stakeholders.

Annexes

V.1 Template for the semi-structured interview with Managing Authority officials

Context of the interview: Managing Authority officials can provide the evaluators with direct and concrete inputs on the programme implementation for the relevant measures.

Number: 1 or 2 interview(s) with MA officials

Purpose: to discuss with MA officials in charge of the relevant measures the main implementation aspects related to the PNDR support to small farms and small producers, vertical and horizontal cooperation, producer groups, cooperatives notably.

- State of the art of measure implementation (submission, selection and attractiveness of the measures);
- The horizontal evaluation criterion of the sectoral focus of production;
- The horizontal evaluation criterion of territorial coverage;
- The horizontal evaluation criterion of characteristics of beneficiaries (gender, age, legal status);
- Selection criteria.

The preparation of the interview has been useful to make the state of the art of the measure implementation (source: **the situation of the submitted projects** 21.11.2019 –MARD site)

Sub-measure	Public allocation NRDP 2014-2020	Submitted projects		Selected projects		Contracted projects					
						Contracted projects (ongoing and completed)		Completed projects		Terminated projects	
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
<i>Sub-measure 4.1 "Investments in agricultural holdings"</i>	844.672.338	4.048	2.218.264.291	1.886	1.051.912.167	1.713	847.089.222	1.175	320.814.660	18	14.267.021
<i>Sub-measure 4.1 "Investments in agricultural holdings" - ITI Danube Delta</i>	33.000.000	133	56.160.669	52	25.153.553	49	21.671.274	25	7.356.272	0	0
<i>Sub-measure 4.1a "Investments in fruit holdings"</i>	284.356.109	1.170	669.333.451	558	307.485.219	440	224.900.942	45	17.400.847	8	3.806.634
<i>Sub-measure 4.1a "Investments in fruit holdings" - ITI Danube Delta</i>	5.000.000	9	4.923.015	8	4.358.466	7	3.822.758	0	0	1	535.708



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Sub-measure	Public allocation NRDP 2014-2020	Submitted projects		Selected projects		Contracted projects					
						Contracted projects (ongoing and completed)		Completed projects		Terminated projects	
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
<i>Sub-measure 6.3 "Support for the development of small farms"</i>	246.493.158	20.565	308.445.000	11.737	176.055.000	11.615	174.165.000	3.170	47.550.000	16	240.000
<i>Sub-measure 6.3 "Support for the development of small farms" - ITI Danube Delta</i>	5.000.000	226	3.390.000	188	2.820.000	187	2.801.250	21	315.000	0	0
<i>Sub-measure 9.1 "Establishment of producers groups in the agricultural sector"</i>	14.736.313	44	16.181.007	10	3.670.419	10	3.370.418	1	85.761	0	0
<i>Sub-measure 9.1a "Establishment of producers groups in the fruit sector"</i>	5.300.811	3	1.216.011	0	0	0	0	0	0	0	0
<i>Sub-measure 16.1 "Support for establishment and operation of operational groups (GO) for the development of pilot projects, of new products" – Stage I – expressing request for interest****</i>	6.723.721	117	49.067.192	24	8.376.817						
<i>Sub-measure 16.1 "Support for establishment and operation of operational groups (GO) for the development of pilot projects, of new products" - Stage II - submission, evaluation and selection of the detailed project of GO *****</i>		19	6.351.760	0	0	0	0	0	0	0	0
<i>Sub-measure 16.1a "Support for establishment and operation of operational groups (GO) for the development of pilot projects, of new products – fruit sector" - Stage I - expressing request for interest ****</i>	5.819.040	73	31.125.190	17	7.206.293						
<i>Sub-measure 16.1a "Support for establishment and operation of operational groups (GO) for the development of pilot projects, of new products – fruit sector" - Stage II - submission, evaluation and selection of the detailed project of GO *****</i>		12	5.061.895	0	0	0	0	0	0	0	0

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Sub-measure	Public allocation NRDP 2014-2020	Submitted projects		Selected projects		Contracted projects					
						Contracted projects (ongoing and completed)		Completed projects		Terminated projects	
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
<i>Sub-measure 16.4 "Support for horizontal and vertical cooperation among actors in the supply chain"</i>	10.085.582	269	25.600.735	60	5.728.359	51	4.694.788	5	422.825	7	678.526
<i>Sub-measure 16.4a " Support for horizontal and vertical cooperation among actors in the supply chain in the orchard sector"</i>	8.728.560	79	7.586.850	22	2.122.246	21	1.984.107	1	95.658	0	0

Questions

- 1) From the analysis of submitted projects (which is a good proxy of the demand of programme support), the financial value of submitted projects is lower for sM 9.1a (1,26 million against 5,3 million of public resources allocated) and sM 6.3 ITI Danube Delta (3,39 million euro of submitted projects against 5 million of public resources allocated). In the case of sM 4.1a in ITI Delta area there is 4,9 million of project submitted for 5 million of allocation.
 - Do you have any explanation for that?
 - Does it mean that there is no actual demand for producer groups in the fruit and orchard sector?
 - Is the support for small farmers not attractive in the Danube Delta area and in the fruit and orchard sector?
 - Do you think the legislative and regulatory framework has negatively affected the implementation of sM 9.1?

- 2) We have seen a high number of projects in the bee sector and mixed production of culture and animals. Do you have any reason for that? Is that reflected on the demand as well (submission)?

- 3) The evaluation study on mountain areas (2018) pointed out that 23,4% of the sM 6.3 allocation is for mountain areas. Actually in 2017, the study showed the contracted value in mountain areas was 27,65% and in 2018 it was similar (around 29%). This is interesting to notice because beneficiaries in mountain areas usually have (considering the selection criteria assessment) lower agricultural potential and qualification level than the rest of the country and are more related to family farms (and thus probably are expected to contribute to subsistence than to the market) according to the selection criterion 4.
 - Is this high number of projects in mountain areas also reflected in the submitted projects?
 - Do you plan to modify and adjust the financial allocation in order to cover the higher number of contracted projects in sM 6.3?



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- 4) The analysis of selection criteria of the measures shows a limited number of cooperatives and producer groups and also the limited involvement of small farms in cooperatives.
- Do you think there is any reason for that?
 - Do you think that selection criteria could be adjusted and changed?

V.2 Template for the semi-structured interview with the Financial intermediaries

Context of the interview: The PNDR has introduced / supported a financial instrument covering farms and entrepreneurs for sM 4.1, 4.1a, 4.2, 4.2a, 6.4 and under Leader for the above-mentioned measures. The financial instrument is the risk sharing loan managed by the European Investment Fund which signed the Funding Agreement with the Ministry of Agricultural and Rural Development and the AFIR. Five financial intermediaries have the role to deliver the loans.

- 1. [ProCredit Bank](#)
- 2. [Raiffeisen Bank](#)
- 3. [Banca Comercială Română](#)
- 4. [Libra Internet Bank](#)
- 5. [Unicredit Bank](#) ⁶⁰

Number: 1 or 2 interview(s) with financial intermediaries. The evaluators will contact the financial intermediaries in the above order, and depending on their availability, they will organize / plan the interviews.

Purpose: to discuss with financial intermediaries the capacity of the financial instrument to reach small farmers and cooperatives

Questions

1) From your experience with delivering loans and with the financial instrument is there a specific market failure for small farmers? And for cooperatives? Or is the financial market similar to any other category of beneficiaries (e.g. bigger farmers)?

2) Regarding the PNDR supported risk sharing loan, how much is dedicated to agricultural cooperatives notably under 4.1 and 4.1a? How much is for small farmers?

3) In your opinion, which type of activity/investment has been identified to get support through the financial instrument?

4) Is it more difficult and costly for the bank to reach small farmers and cooperatives than other potential recipients? If so, why?

5) What is the main added value for the bank from the PNDR financial instrument? (additional contracts, additional resources, reduced risks, etc.)

6) How is the support to small farmers / small enterprises / cooperatives organized?

- Advertisement activities;
- Communication channels;
- Territorial coverage;
- Sectoral coverage (different approach for different sectors / activity);

⁶⁰ Informații suplimentare despre beneficiarii eligibili pot fi accesate la <https://www.madr.ro/docs/dezvoltare-rurala/2019/beneficiari-eligibili-IF-PNDR.pdf>



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Request of information same promotional campaigns;
- Management costs and fees.

7) What is the most frequent sector of activity that usually considers applying for risk sharing loan (e.g. livestock, fruit and vegetable etc.). Please provide examples.

8) Do you have any information on the small farmers and cooperatives supported? If so, can you please tell us to what extent the financial instrument has contributed to:

	Yes	<i>Not yet, but probably in the future</i>	<i>Not now and it seems difficult in the future</i>	<i>Don't know, we don't have any information on that</i>
Increasing sales of the recipients				
Increasing production of the recipient				
Reducing abandonment of the territory of the recipient				
Increasing capacities of the recipient				
Increasing job opportunities of the recipient				
Increasing income of small farmers				
Increasing innovation				

9) Have you noticed any particular issue with the credit reimbursement? What are the main reasons?

10) In your opinion, what measures could be adopted to increase the accessing/contracting rate to such financial instruments? From your experience, has any simplification measure been adopted in comparison to the previous programming period?



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.3 Questionnaire applied among the beneficiaries with projects financed under the sM 4.1 Investments and agricultural holdings and 4.1a Investments in fruit farms

Section I - Introduction

Name of beneficiary:

Gender of the legal representative: Masculine Feminine

Age:

City of project implementation:

County:

Beneficiary category:

- Farmer
 Cooperative
 Group of producers

Did you also benefit from funds under NRDP 2007-2013?

YES NO

Section II – Comparison between pre-post intervention periods (project contribution)

1. As a result of the implementation of the activities provided for in the project, how do you assess the degree of innovation of your project compared to other agricultural operators similar to you, which carry out their activity near the project you have implemented?

- High innovation grade
 Similar innovation grade
 Lower innovation grade

2. Did the investment made through the project/the results of the project implementation facilitate the introduction of new technologies? (ex. New methods applied for crop protection, animal feed, etc.)

- Yes
 No

2.a If yes, the investment made through the project/project implementation results:

- Allowed changes in cultivation practices (e.g.: transition to organic farming practices)
 Allowed changes in animal husbandry conditions (e.g.: from tethering to ensuring conditions for the free movement of animals in the stable)
 Allowed other changes (please specify)

3. Did the investment made through the project/the results of the project implementation contribute to the introduction/production of new products?

- Yes
 No

3a. If yes, please select one or more options:



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- We started processing our own agricultural products.
- We changed the structure of crops/animal breeds raised on the farm.
- We diversified the range of agricultural products sold on the market
- Other (please specify)

4. In your opinion, to what extent have NRDP 2014-2020 interventions contributed to the integration of the small farm in the agri-food chain in terms of productive capacity? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

5. In your opinion, to what extent do NRDP 2014-2020 interventions contribute to the diversification of production? Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

6. In your opinion, to what extent do NRDP 2014-2020 interventions contribute to job creation (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

7. In your opinion, to what extent do NRDP 2014-2020 interventions contribute to the promotion of local markets and short supply chains? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

8. In your opinion, to what extent do NRDP 2014-2020 interventions contribute to the increase of family income and living conditions (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

9. In your opinion, to what extent do NRDP 2014-2020 interventions contribute to supporting cooperation? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

10. In your opinion, NRDP interventions have contributed to an increase in the bargaining power of small farms:

- Yes, they have increased the ability to sell products on the market
- Yes, they have increased the ability to sell products and influence sales prices
- No, no relevant effects were reported.

11. Did the investment made through the project contribute to increasing your income?

- Yes
- No

12. Did NRDP contribute to mitigating/combating the phenomenon of abandonment in rural areas?

- Yes, to a small degree
- Yes, significantly
- No
- I don't know

13. During the course of the project, you encountered problems related to (tick):



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

1	Ensuring co-finance	
2	Difficulties in understanding project requirements	
3	The volume of requested documents	
4	Compliance with the deadlines for the reimbursement of expenses incurred due to the submission of incomplete documentation and the requested clarifications	
5	Eligible expenditure structure	
6	Others, specify:	
7	I did not encounter difficulties in implementation	

14. You consider it would be useful for you to receive financial support from the program, consisting of:

- Guarantee/collateral deposit for obtaining the loan necessary to ensure the co-financing rate for projects/investments
- Lower loan rates to ensure the co-financing rate for projects/investments
- Venture capital to support innovative investments
- Technical assistance to assess the possibility of launching new investments
- I don't know

15. Would you have made the investment/realized the project if there were no funds available through NRDP 2014-2020?

- Yes
- No
- Partially



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.4 Questionnaire applied among the beneficiaries in the cooperative category, with projects financed under sM 4.1 Investments in agricultural holdings and 4.1a investments in fruit farms

Section I - Introduction

1. How many small farms (with a standard production of 4,000 – 11,999 SO) do your cooperative have?
2. Has the number of small farms belonging to your cooperative increased in recent years?
 Yes
 No

Section II– Comparison between pre-post intervention periods (project contribution)

3. In your opinion, to what extent do the NRDP 2014-2020 interventions contribute to supporting cooperation (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)
4. In your opinion, to what extent do the NRDP 2014-2020 interventions contribute to the diversification of small farm production? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)
5. In your opinion, to what extent do the NRDP 2014-2020 interventions contribute to job creation in small farms? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)
6. In your opinion, to what extent do the NRDP 2014-2020 interventions contribute to the promotion of local markets and short supply chains? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)
7. In your opinion, to what extent have NRDP 2014-2020 interventions contributed to the integration of small farms in the agri-food supply chain in terms of productive capacity? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)
8. In your opinion, to what extent to NRDP 2014-2020 interventions contribute to the increase of family income and living conditions (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)
9. In your opinion, NRDP interventions have contributed to increasing the bargaining power of small farms:
 Yes, they have increased the ability to sell products on the market
 Yes, they have increased the ability to sell products and influence sale prices
 No, no relevant effects were reported
10. Did NRDP's interventions contribute to increasing farmers' income?
 Yes



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

No

11. **Did NRDP contribute to mitigating/combating the phenomenon of abandonment in rural areas?**

- Yes, to a small degree
- Yes, significantly
- No
- I don't know

12. **During the course of the project, you encountered problems related to (tick):**

1	Ensuring co-finance	
2	Difficulties in understanding project requirements	
3	The volume of requested documents	
4	Compliance with the deadlines for the reimbursement of expenses incurred due to the submission of incomplete documentation and the requested clarifications	
5	Eligible expenditure structure	
6	Others, please specify:	
7	I did not encounter difficulties in implementation	

13. **You consider that it would be useful for you to receive financial support from the program, consisting of:**

- Guarantee/collateral deposit for obtaining the loan necessary to ensure the co-financing rate for projects/investments
- Lower loan rates to ensure the co-financing rate for projects/investments
- Venture capital to support innovative investments
- Technical assistance to assess the possibility of launching new investments
- I don't know

14. **Would you have made the investment/project if there were no funds available through NRDP 2014-2020?**

- Yes
- No
- Partially



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.5 Questionnaire applied among the beneficiaries with projects financed under sM 6.3 – Support for the development of small farms

Name of beneficiary:

Gender of legal representative: Male Female

Age:

City of project implementation:

County:

Educational level:

- Primary/secondary education
- Secondary education (high school)
- Post-secondary education
- Higher education (bachelor, master)

Did you also benefit from funds under NRDP 2007-2013?

YES NO

1. What was your field of activity, before the investment financed by NRDP 2014-2020?

- Same field
- Industrial field
- I have worked in several different fields
- Previously I did not work/did not have a job

2. In your opinion, to what extent do the NRDP 2014-2020 interventions contribute to increasing the quantities of products intended for sale? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

3. In your opinion, to what extent do NRDP 2014-2020 interventions contribute to the diversification of the distribution channels used for marketing your products? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

4. Which of the following distribution channels has shown an increasing or decreasing trend?

- Farmers' markets (increased, remained stable, decreased)
- Direct sales on the farm (increased, remained stable, decreased)
- Transfer to wholesalers (increased, remained stable, decreased)
- Regional agri-food center (increased, remained stable, decreased)

5. Have you started producing new products to increase the ability to respond to consumer needs?

- Yes
- No

6. As a result of the implementation of the activities provided for in the project, how do you assess the degree of innovation of your project compared to other agricultural operators similar to you, which carry out their activity near the project you have implemented?

- High grade of innovation



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Similar grade of innovation
- Lower grade of innovation

7. **Has the overall turnover increased, decreased or remained stable compared to the situation before the implementation of the project?**

- Increased between 0% and 5%;
- Increased between 5 and 10%;
- Increased by >10%;
- Remained constant;
- Decreased.

8. **In your opinion, to what extent do NRDP 2014-2020 interventions contribute to job creation?**
(Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

9. **In your opinion, to what extent do NRDP 2014-2020 interventions contribute to the increase of family income and living conditions?** (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

10. **Did implementation of the project financed by NRDP 2014-2020 offer you the opportunity to collaborate with other companies/producers/institutions?**

- Yes
- No

11. **If you had not benefited from the funding granted by NRDP 2014-2020, would you have been tempted to look for a job in another locality?**

- Yes
- No
- Possibly

11.a. **If yes, please indicate the most appropriate answer:**

- Support was essential for maintaining the activity
- Support was essential for business development and the transition from subsistence to commercial agriculture
- The support was relevant, but not essential for maintaining the activity
- The support was not relevant for maintaining the activity

12. **Would you have made the investment/projects if there were no funds available from NRDP 2014-2020?**

- Yes
- No
- Partially

13. **In your opinion, to what extent have the NRDP interventions contributed to the integration of the small farm into the agri-food supply chain in terms of productive capacity?** (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

14. **In your opinion, NRDP interventions have contributed to increasing the bargaining power of small farms:**



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Yes, they have increased the ability to sell products on the market
- Yes, they have increased the ability to sell products and influence sale prices
- No, no relevant effects were reported

15. During the course of the project, you encountered problems related to (tick):

1	Ensuring co-finance	
2	Difficulties in understanding project requirements	
3	The volume of requested documents	
4	Compliance with the deadlines for the reimbursement of expenses incurred due to the submission of incomplete documentation and the requested clarifications	
5	Eligible expenditure structure	
6	Others, please specify:	
7	I did not encounter difficulties in implementation	

16. You consider that it would be useful for you to receive financial support from the program, consisting of:

- Guarantee/collateral deposit for obtaining the loan necessary to ensure the co-financing rate for projects/investments
- Lower loan rates to ensure the co-financing rate for projects/investments
- Venture capital to support innovative investments
- Technical assistance to assess the possibility of launching new investments
- I don't know



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.6 Questionnaire applied at the level of beneficiaries with projects financed under SM 9.1 Establishment of producer groups in the agricultural sector, 9.1a Establishment of producer groups in the fruit sector

A. Beneficiary's Name:

B. Project Location: County; **Commune**

C. Fiscal Code:

D. Name and surname of the responsible person (respondent):.....

E. The quality of the respondent:

- Beneficiary
- Legal representative
- Others (accountant, etc)

F. Respondent's contact details:

Mobile:	
Fax:	
Email:	

Number of partners in the producer group:

Of which small farms (standard production of 8,000-11.999 SO):

1. **In your opinion, which are the agricultural sectors with the highest degree of complexity in the development of supply chains:**
 - field culture
 - horticulture
 - raising animals and birds
 - other:

2. **In your opinion, what is the contribution of the group of producers established by NRDP 2014-2020 to the performance of agricultural production of small farms in your area?**
 - Low contribution
 - Medium contribution
 - High contribution



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- 3. In your opinion, to what extent have NRDP interventions contributed to the integration of the small farm in the agro-food supply chain in terms of productive capacity? (Please offer a note from 1 to 10, where 1 = very low contribution and 10 = very high contribution):**
- 4. In your opinion, NRDP interventions have contributed to increasing the bargaining power of small farms:**
- Yes, they have increased the ability to sell products on the market
 - Yes, they have increased the ability to sell products and influence sales prices
 - No, no relevant effects were recorded
- 5. Would you have set up the producer group if there were no funds available from NRDP 2014-2020?**
- Yes
 - No
 - Partially
- 6. Did the producer group also include small farms?**
- Yes
 - No
- 6.a If yes, in your opinion:**
- the support was essential to maintain the activity of small farms
 - the support was essential for the development of the activity of small farms and their transition from subsistence to commercial agriculture
 - the support was relevant for small farms, but not essential for maintaining activity
 - the support was not relevant for maintaining the activity of small farms



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.7 Questionnaire applied among beneficiaries with projects financed under SM 16.4 and 16.4a Support for horizontal and vertical cooperation between actors in the supply chain in the agricultural and fruit sectors

A. Beneficiary's Name:

B. Title of the project:

C. Project Location: County; Commune

D. Fiscal Code:

E. Name and surname of the responsible person (respondent):.....

F. The quality of the respondent:

- Beneficiary
- Legal representative
- Others (accountant, etc.)

F. Respondent's contact details:

Mobile:	
Fax:	
Email:	

1. What is the number of partners involved in the project?.....

Of which small farms (standard production 8,000 - 11,999 SO)

2. What are the objectives of the project started?.....

3. What kind of innovation in agricultural practices do you expect to introduce through the project?

- Use of new technologies in the food production sector
- Development of new products / services
- Introduction of new production processes
- Introduction of new processing methods / techniques
- Promoting new organizational models
- Introduction of new forms of cooperation and exchange of knowledge between the food production sector and the research sector
- Creation of the EIP (European Innovation Partnership) Task Forces
- Others, please specify.....

4. Does the project provide for knowledge transfer and experience exchange activities?

- Yes



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- No

4.a If yes, please explain.....

5. Does the project provide for communication activities on the results obtained? If so, please select one or more of the communication channels listed below:

- Publications
 Website of the project
 Seminars/ workshops
 Open Day
 Others (please specify).....

6. In your opinion, what is the contribution of NRDP to the performance of agricultural production obtained by small farms in your area?

- Low contribution
 Medium contribution
 High contribution

7. In your opinion, to what extent have PNDR interventions contributed to the integration of the small farm in the agro-food supply chain in terms of productive capacity? (Please give a grade from 1 to 10, where 1 = very low contribution and 10 = very high contribution)

8. In your opinion, PNDR interventions have contributed to increasing the bargaining power of small farms:

- Yes, they have increased the ability to sell products on the market
 Yes, they have increased the ability to sell products and influence sales prices
 No, no relevant effects were recorded

9. In your opinion, would it have been possible to establish the form of cooperation if there were no funds available from the NRDP 2014-2020?

- Yes
 No
 Partially

10. Did the form of cooperation set up include small farms?

- Yes
 No



MINISTERUL AGRICULTURII ȘI DEZVOLTĂRII RURALE

DIRECȚIA GENERALĂ DEZVOLTARE RURALĂ
AUTORITATEA DE MANAGEMENT PENTRU PNDR



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Programului Național
de Dezvoltare Rurală
2014-2020

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

10.a If yes, in your opinion:

- the support was essential to maintain the activity of small farms
- the support was essential for the development of the activity of small farms and their transition from subsistence to commercial agriculture
- the support was relevant for small farms, but not essential for maintaining activity
- the support was not relevant for maintaining the activity of small farms



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.8 Layout of semi-structured interviews with other relevant key actors (two interviews)

1) Regarding sM 6.3, do you think that it was successful in terms of results for the development of small farms? What can be improved? Do you consider it appropriate to provide for a dedicated budget allocation according to the different categories of territories (e.g. areas with specific constraints, Danube Delta, mountain areas)?

2) The analysis of selection criteria and projects submitted under NRDP measures indicates a limited number of cooperatives and producer groups and a low involvement of small farms in cooperatives.

- In your opinion, is there any reason to explain this trend?
- In your opinion, could the selection criteria be adjusted and changed?
- In your opinion, does this mean that there is no real demand for producer groups in the fruit sector?
- In your opinion, has the legislative and regulatory framework negatively affected the implementation of SM 9.1?

3) In your experience, are there any specific difficulties in accessing the credit market (loans and guarantees) for small farmers and cooperatives? If so, what can be done to resolve this difficulty?

4) From your point of view, what are the most relevant effects of NRDP on the performance of small farms?

	<i>Yes</i>	<i>Not yet, but probably in the future</i>	<i>Not at the moment, and it seems difficult in the future</i>	<i>I do not know</i>
Increase sales				
Increasing production				
Increasing bargaining power and the ability to influence price levels in the production chain				
Reducing land abandonment				
Increasing farm capacity				
Increasing farm job opportunities				
Increasing incomes for small farmers				
Increasing innovation				
Increasing incomes for the families of small farmers				
Increasing cooperation for research and				



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

	<i>Yes</i>	<i>Not yet, but probably in the future</i>	<i>Not at the moment, and it seems difficult in the future</i>	<i>I do not know</i>
innovation within producer groups / associations				

The list of questions is not exhaustive, so additional questions can be added if the analysis of the literature and administrative data results in additional findings, which must be validated through specific discussions with key actors (e.g. farmers' associations).



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.9 Sampling strategy of the beneficiaries involved in the survey

Contracted projects	Transmission of the questionnaire	Selected sample and answers collected
sM 6.3 Large number of new projects contracted (over 10 thousand) and projects in transition (almost 30 thousand)	The number of questionnaires sent will be up to 10 times the size of the selected sample (approximately 2,500-3,000), subject to the availability of e-mail addresses.	Number of responses to the survey (beneficiaries with new resources): 150-200 beneficiaries Answers collected from the survey (beneficiaries with new resources): 299 beneficiaries
sM 4.1 (no ITI projects) • 16 beneficiaries included in the category of small farm, in 2019, of which 1 beneficiary is cooperative (only new projects, no projects in transition useful for analysis) • 80 cooperatives in 2019 (only new projects, no projects in transition useful for analysis)	The questionnaires will be sent to all beneficiaries. All these beneficiaries will receive a questionnaire, provided that e-mail addresses are available.	Expected number of responses: • responses (a case study with a cooperative) from small farms • 12 responses from cooperatives Answers collected from the survey applied at the level • sM 4.1 and 4.1a - small farms: 42 • sM 4.1 - cooperatives: 12 It was not possible to carry out the case study with the selected cooperative beneficiary
sM 9.1 • 33 projects in transition • 10 new projects	The questionnaires will be sent to all beneficiaries	8 expected answers (a case study) Number of responses collected from the survey: 8 Case studies performed: 1
sM 16.4 - 52 projects sM 16.4a - 21 projects	The questionnaires will be sent to all beneficiaries	14 expected answers (1 case study). Number of responses collected from the survey: 21 Case studies performed: 1

Source: Databases of the monitoring system (September 2019 for new projects and October 2019 for projects in transition) and findings of data collection activities

In the case of all sub-measures included in the survey, the response rate was achieved or even exceeded the established minimum sample, and for sM 6.3, the selected sample was representative, taking into account that the standard error was less than 5%, at a confidence level of 90%.

Sampling was performed by applying the standard z-score formula, presented below:

where,



MINISTERUL AGRICULTURII ȘI DEZVOLTĂRII RURALE

DIRECȚIA GENERALĂ DEZVOLTARE RURALĂ
AUTORITATEA DE MANAGEMENT PENTRU PNDR



Proiect cofinanțat
din FEADR prin
Măsura 20 din cadrul
Programului Național
de Dezvoltare Rurală
2014-2020

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

$z^2 = (1,64)^2 = 2,6896$. The standard z score is 1.64 for a 90% confidence level

s^2 : 0,25, maximum dispersion for an alternative variable (average variable 0.5)

the square of the maximum permissible error. The proposed maximum allowable error is 5%, so the results will be presented with a margin of (+ -) 5%.

Therefore, starting from a population volume of 11,826 beneficiaries, the minimum sample size should have been 263 beneficiaries but, in reality, it was 299 beneficiaries.

Regarding the case studies, they were carried out for SM 9.1 and 16.4, the conditions imposed by the state of emergency COVID -19, making it impossible to carry out the case study at the level of the selected cooperative within SM 4.1



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

V.10 Case studies

This note describes the approach taken by the evaluators in selecting projects for case studies under sub-measures 4.1 (cooperatives), 9.1 and 16.4. As indicated in the methodology for developing the Evaluation Study V, a case study was provided for each of the three sub-measures previously mentioned. The list of case studies was identified based on the project selection criteria, but also based on other objective and specific criteria proposed by the evaluators.

The selection process of projects under sM 4.1

Approach – The case studies were selected from the sample of contracted projects, whose beneficiaries belong to the cooperative category, with small farm size and high scores on the CS4 selection criterion. This combination of case study selection criteria increases the likelihood of collecting information on the impact of sM 4.1 on the performance of small firms. From this sample of contracted projects, identified in the database for September, received from AFIR, two projects were selected, one of which being completed and other one being implemented.

Details – Further details on the selection methodology and projects identified for the case studies are presented below:

1. **Legal entities (coded with the value 2 in the AFIR database)** from the cooperatives category. In the database of the monitoring system, related to September, there are 40 contracted projects that fall within the scope of the category of cooperatives.
2. **The economic size of holding** indicates the average size of the agricultural holding (according to the classification from the AFIR database).
 - i. 1 project with reduced economic size (8,000 – 11,999 SO), prioritized in the selection process of case studies
 - ii. 36 projects with an average economic size (12,000 – 250,000 SO)
 - iii. 3 projects with a large economic dimension (over 250,000 SO), excluded from the selection of case studies.
3. **Score obtained in the selection criterion CS4⁶¹** (≥ 18.8 points). Of the 37 considered for the case studies, 31 have a score greater than or equal to 18.8 points.
4. **Project status**. Of the projects with a score greater than 18.8 points, 7 are completed or are in progress.

The selection process of projects under sM 16.4

⁶¹ P.4 The principle of association of farmers, holding small and / or medium-sized holdings, within cooperatives or producer groups set up under the national legislation in force.

The applicants are:

- (1) producer groups or cooperatives consisting predominantly of agricultural holdings having a size below 12 000 SO; 20p
- (2) producer groups or cooperatives consisting predominantly of agricultural holdings of sizes between 2 000 – 50 000 SO; 18p
- (3) producer groups or cooperatives consisting predominantly of agricultural holdings of sizes between 50.000 – 100.000 SO; 16p



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Approach – The case studies were selected from the sample of contracted projects, which were identified in the September database received from AFIR. From the total of 52 contracted projects, 2 projects were selected, depending on the score obtained for the CS4 criterion, the status of the project and the structure of the partnership (partnerships with at least one farmer). Depending on the availability of beneficiaries, the evaluators conducted a case study at the level of the two projects.

Details – Further details on the selection methodology and projects identified for the case studies are presented below:

1. **Score obtained for selection criterion CS4⁶²**– there are 41 projects with high scores (>23 points), from which it is expected to have a contribution to the development of local markets.
2. **Project status.** There are 11 contracted projects, ongoing or completed, out of a total of 41 with scores higher than 23 points on the CS4 selection criteria.
3. **Partnership structure (number of members in the farmers category).** 10 out of 11 projects have at least 1 farmer in the partnership

Case study report – SM 4.1

Sub-measure	4.1
Beneficiary name	Cooperativa Agricola Borzontorz (Agricultural cooperative)
Title of the project	Construction of a building for honey conditioning, fencing of land and connection works to the public utility network
No. of holdings participating in supported producer groups	6 (small)
Project location	Gheorgheni (Mountain area)
Economic size of the holding	8.000 - 11.999 SO (small)
Total turnover of the supported group of producers (thousand Euro)	1680
Contract stage Finalized (F)/ Terminated (R)	Under implementation
Agricultural branch type	Bees

Project description - The project consists in building a construction for honey conditioning, purchasing beekeeping equipment for conditioning and processing honey; acquisition of means of transport (3 trucks and 2 bee trailers) for pastoral travel. The main objective of the project is to improve the processes of collection, conditioning and processing of honey and auxiliary bee products. At the same time, it is



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

estimated that in the future the quality of pollen and extracted honey will be improved and production will be expanded.

The project is currently under implementation, with a single payment request submitted. At this time, construction is close to completion and a number of equipment and machinery have been purchased. However, the respondent states that there were significant delays in the process of purchasing specific means of transport. The agricultural cooperative regards 6 agricultural holdings - all small sized. The main problems encountered were related to the volume of documents requested and the delayed response received from AFIR in verifying reference costs. During the implementation of the project there were registered changes of costs, compared to the ones initially estimated in the application form.

Effects on the performance of small farms - Given the early stage of implementation, the project did not diversify the activity of the associated farms. However, it is estimated that in the future, the project will have a significant impact on the production of by-products (pollen, propolis, etc.), with the aim of expanding production. The project contributed to improving the quality of the products obtained specific to the beekeeping sector thanks to the new equipment (e.g. in the past, farmers did not have a professional dryer or a professional pollen selector, etc.). It is estimated that the project will create new jobs (1 or 2 employees - at the cooperative level). In addition, as production increases, the number of employees among farmers is expected to increase. So far, no tangible effects are recorded on the small farms performance (sales, revenue, production) but are expected in the future. The preliminary effects are positive and related to increased family income.

The project has opened new opportunities to promote the small farms production on the local markets and to short supply chains. The agricultural cooperative will promote the farmers' products online. Collaborations with regional outlets are also being considered for the integration of small farms into short supply chains. At the moment, the cooperative is in discussion with several sales networks, but no collaboration contracts have been concluded so far due to the limited production obtained at the moment. The project has increased the bargaining power of small farms, mitigating the risk of abandonment in rural areas offering an incentive to increasing production and new market opportunities

In the beneficiary's opinion, it would be interesting for farmers to receive additional support from the programme in particular on the credit market such as guarantee / collateral deposit for obtaining the loan necessary to ensure the co-financing rate for projects / investments, lower loan rates to ensure the co-financing rate for projects / investments. The availability of programme funding was a necessary condition for the cooperative to work and to make investments. In this regard, the project experience suggests that agricultural cooperatives and associative forms can increase the degree of capitalization of products, bringing added value in particular for small farms. However, small farmers do not trust systems based on associations and cooperation. In this regard, a better promotion of cooperation systems among small farmers could be based on showcasing the successful experiences.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

The selection process of projects under SM 9.1

There are 10 projects (completed or on-going). For the case studies, two projects were selected, depending on the number of holdings participating in the producer group and the average turnover per holding (thousands of euro). Due to the availability of the beneficiaries, the evaluators conducted a case study at the level of one of the two projects.

Sub-measure	9.1
Name of beneficiary	APIS MELIFERA ALBINA BUZOIANĂ COOPERATIVĂ AGRICOLĂ
Project title	DEVELOPMENT OF THE PRODUCER GROUP APIS MELIFERA ALBINA BUZOIANA AGRICULTURAL COOPERATIVE (Buzau)
Number of holdings participating in supported producer groups	9
Total turnover of the supported group of producers (thousands of euro)	1680
Contract status Completed (c) or Terminated (t)	In implementation

Description of the project - The project implemented by “APIS MELIFERA ALBINA BUZOIANA COOPERATIVA AGRICOLA” is located in Sărulești (Buzău) and has as beneficiary a group of 9 partners, of which 6 are small farms (with a standard production 8,000 – 11,9999 SO)

The producer group is not a part of a partnership set up to establish a PEI operational group, but deals with the marketing of bee products (honey). The total eligible contracted value is 107,200 euros, of which approximately 9,000 were paid at the end of 2019. The project is being implemented.

Effects on the performance of small farms - The activity of the producer group was essential for maintaining the agricultural production activity of small farms, as they increased their ability to sell products on the market and, albeit to a lesser extent, influenced sales prices, contributing to the increase in market orientation and increasing the incomes of small farmers as well as integrating small producers into the agri-food chain. However, the producer group would have been created even without funds available from NRDP 2014-2020. The honey obtained by the producer group is sold wholesale at low prices. Attempts have been made to set up a beekeeping shop, but interest in these products is low. As a result of the support obtained through NRDP, a development of the activity of the partners within the producer group was achieved. No problems were encountered in the implementation of the project, but the context was unfavorable for the activity of the producer group. The past years have not been favorable for the development of the beekeeping sector – the prices of bee products are low and the demand is not very high. This year is not favorable either, given the manifestation of the drought phenomenon and the spread of the SARS-CoV-2 virus. Honey production is likely to be low⁶³.

⁶³ See the recommendations of the SALSA Horizon 2020 Project.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

Sub-measure	16.4
Name of beneficiary	LAM Foundation
Project title (in conformity with the application for funding)	Establishing the local market in the Ilieni, Sfantu Gheorghe, Ozun area of Covasna County by implementing the concept of short supply chains
Project localization (commune)	Sfantu Gheorghe (city)
Partnership structure	1
Type of project proposed	Establishment and development of local markets exclusively through short chains
Contract status	Finalized in October 2019

Project description – The beneficiary of the project (cooperation partnership leader) is Klarik Attila/ LAM Foundation. The project is located in Covasna County, Sat ilieni. The form of cooperation brings together 4 partners, one of which is a small farm (with a standard production of 8,000 – 11,9999 SO). The partnership leader is an NGO (LAM Foundation). The total eligible value contracted is 80,603 euro, of which 76,909 euro is the public contribution, of which approximately 68,131 euro is the value of payments made. The project was completed in October 2019.

The cooperation agreement is the establishment of a local market in the Ilieni/Sfantu Gheorghe/Ozun area based exclusively on the development of short supply chains in this area through the activities carried out by the established partnership. The specific objectives of the cooperation are:

- Carrying out, during 10 weeks, from the beginning of the project, the acquisitions necessary for its development for the specific activities of the partnership in the targeted area.
- Strengthen the existing short supply chains in order to stabilize the locations that will constitute the local market in the targeted area, by carrying out the activities specific to the partnership.

Effects regarding innovation – The project introduced the following innovations in agricultural practices:

- Development of new products/services
- Promotion of new organizational models
- Promoting the transfer of knowledge and exchange of experience, in this regard, several events were organized during the project to promote activities and information/knowledge on the following topics:
 - Traditional products, especially dairy products
 - Well known recipes, where the products promoted by the project can be used
 - Branding and the possibilities to create your own brand
 - Presentation of European Quality Schemes
 - Presentation of the online platform and the importance of a web shop.

Communication activities – The project promoted several communication activities through the project website and other initiatives such as:



MINISTERUL AGRICULTURII ȘI DEZVOLTĂRII RURALE

DIRECȚIA GENERALĂ DEZVOLTARE RURALĂ
AUTORITATEA DE MANAGEMENT PENTRU PNDR



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Programului Național
de Dezvoltare Rurală
2014-2020

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

- Participation in craft fairs: promotion of the project and short chains with tasting dairy products produced by one of the partners.
- Organizing thematic events to promote the project by: presentation of traditional products and established recipes, event for branding and European Quality Schemes, presentation of the online platform.
- Other methods for promotion:
 - Advertising articles written in press:
 - Háromszék (9 appearances)
 - Székely Hírmondó (9 appearances)
 - The Covasna Observatory (18 appearances)
 - Audio commercials (2 pieces)
 - Stream audio clip (800 pieces)
 - Members presentation films (8 pieces)
 - Outdoor billboard advertising – 2 panels (5 months)
 - Outdoor advertising– 1 LED panel (5 months)

Contribution to the performance of small farms in the area -The project made a major contribution to the activities of small farms, in particular with regards to increasing their ability to sell products and influence sales prices, supporting the development and transition from subsistence forms.



EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

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MINISTERUL AGRICULTURII ȘI DEZVOLTĂRII RURALE

DIRECȚIA GENERALĂ DEZVOLTARE RURALĂ
AUTORITATEA DE MANAGEMENT PENTRU PNDR



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Programului Național
de Dezvoltare Rurală
2014-2020

EVALUAREA ON-GOING A PNDR 2014-2020 ÎN PERIOADA 2017-2020

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