

Perceptions of subsidies in the Pogány-havas region

Andrea Sólyom
Sapientia University



Introduction

❏ 3 main issues

- Farming practices
- System of agricultural subsidies
- Future strategies

Research goal

- ❏ Formulating policy recommendations for the next programming period (CAP reform and to increase efficiency of EU and national funds allocation)
- ❏ Activity of micro-regional association serve local expectations, needs



About the study

- Field: 6 communalities – 33 villages – 20 000 people
- Research financed by Barbara Knowles, EFNCP, Prince Charles

Context:

- Drought in the last 2-3 years
- Specific problems of agriculture
- New initiatives in order to enhance local economy.



Empirical antecedents

❏ Poor or rich

➤ About the same area:

- Center for Regional and Anthropological Research,
- 2002-2004: Ferencz, Gagyí, Oláh,
- university theses,
- 2007, 2010: micro-regional association

➤ About the larger context:

- 1996, 1998: Sandu, national sample
- 2005: Agora: Homoród valley
- 2006, 2007: rural barometers on national level
- 2009, 2011: Special Eurobarometers.



Methodology

- ❏ 2011 summer, autumn
- ❏ 1. Collecting statistical data:
 - LPA: population, animal stock, fields etc.
 - APIA: applications between 2007-2011
 - ANSVSA: animal stock 2006-2010
- ❏ 2. Survey among cattle keepers in Pálfalva (100 people)
- ❏ 3. Focus group interviews:
 - Farmers from Csík region
 - Farmers from Gyimes region
 - Experts: representatives of authorities, institutions



Results of statistical data and survey

In 2010 48 million euros reached the region

- ↗ In Középlök, Felsőlok and Pálfalva 1,4 million euro each, the same amount as the annual budget of communality
- ↗ In Szépvíz and Szentmihály more than the annual budget: 0,4-1 million per communality
- ↗ Number of applications reached its maximum in 2007.

About farmers from Pálfalva:

- ↗ 1/3 of them are old
- ↗ 1/2 adult
- ↗ 1/5 young.

Sources of their incomes:

- ↗ 17% subsidies
- ↗ 22% agricultural production
- ↗ 61% other types of sources



Types of farming and strategies

Signs of the entrepreneurial behavior:

- Standing on as many feet as possible: complementary activities, farming and rural tourism
- Wealthy peasant farmers

- Farmers
 - One group seems to be motivated to invest in development
 - Passive, avoiding risks, stabilization strategy
 - Upper-middle class of farmers: participants and initiators of the collaboration

- Farming in a smaller scale than the average – continuing or reducing the volume of activities



Focus group interviews

- About participants: women, mistrust

- Advantages of subsidies: only a few, economical and ecological
 - ↪ Existence of subsidies,
 - ↪ Functioning of the system
 - ↪ Number of livestock
 - ↪ Maintenance of the pastures
 - ↪ Possibility of establishing agricultural co-operatives and associations

- Disadvantages, problems:
 - ↪ lack of information flow, lack of orientation and lack of details
 - ↪ the relationship with the authorities and the quality of administration
 - ↪ the rules of the system
 - ↪ characteristics of the starting situation and mentality ever since the introduction of the European subsidy system



Lack of information

- ❏ The uncertainty of the subsidy's schedule
- ❏ Can the payments and sanctions be followed?
- ❏ Lack of information regarding the status of those who receive the subsidy
- ❏ Problems connected with the informative role of the authorities
- ❏ Informative problems connected with farming and sale
 - ↗ green manuring (i.e.: do they need to plough under in the autumn or in the spring)
 - ↗ medicinal plants of the meadows (they are not used properly)
 - ↗ stubble burning (the damage it causes)
 - ↗ what do they need to do in case the animals die off
or in case of emergency slaughtering in order to receive the subsidy
 - ↗ the process to receive the organic grower certificate
 - ↗ which is worth working with: meat- or dairy-farming?



Relationship with the authorities, administration

- ❖ Resolving administrative problems is a very long process
- ❖ Bureaucratic procedures
- ❖ The (overzealous) rule-following of the Romanian authorities
- ❖ The inconsistency of the Romanian agricultural policy
- ❖ The farmers from the Székely region and Harghita county are more frequently controlled



Problems connected with the compliance of the rules

- ❏ Project conditions
 - The measuring of development
 - disadvantageous loan terms
- ❏ Incorporation of a company, taxpaying
 - too many expenses: transfer costs, handling costs
 - controls, financial risks
 - bookkeeping problems, the farmers do not have the time and knowledge for it
 - the VAT is not a reimbursable cost for the entrepreneurs
- ❏ Eligibility of subsidies
- ❏ Complaints against the measures of the agricultural-environmental payments
- ❏ General problems



Structural problems

- ✚ Romanian particularities
- ✚ Land usage
- ✚ Environmental problems
- ✚ Mentality problems



Suggestions in order to handle the problems of subsidy system

- ❏ Cooperatives
- ❏ Information acquiring
- ❏ Sale
- ❏ Modification of subsidies
- ❏ Modification of rules
- ❏ Pasture utilization
 - Defining disadvantaged area
 - Natura 2000
- ❏ Improvement of professional training



Conclusions

❏ Partially due to subsidies local initiatives can be developed like cooperatives for processing and sale/marketing, which could offer snug/livelihood for several producers of the region in long term.

❏ Future views of farmers:

- ↗ Agriculture contributes to other incomes
- ↗ Fields can not be abandoned, correct, expected customs by community
- ↗ Problem of migration
- ↗ Compulsory farming
- ↗ It depends on their capitals
- ↗ Biofood production
- ↗ Majority of them do not plan to increase their production quantities
- ↗ Enhanced marketing/sale
- ↗ Farming and tourism (processing and sale)
- ↗ Diversified, multiple strategies
- ↗ Opportunities, Leader, cooperatives

❏ Rules do not form a unified register in farmers' perception.



Thank you for your attention!

