

THE SUPPORT FOR THE PROCESSING OF AGRICULTURAL PRODUCTS IN THE CONTEXT OF NRDP 2014-2020. CASE STUDY - BAKERY AND PASTRY UNITS

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RESEARCH ARTICLE

Abstract

The Romanian consumers are among the most important consumers at European level of bread and pastry products, although lately the bread consumption at European level is declining. We are witnessing the need for investments in this sector as the Romanian consumers are becoming more and more conscious about the importance of consuming quality products, so new equipment's are therefore needed. The existing financing programme has had a mixed review yet it is extremely important in the general scheme of things in the sector. However, the NRDP 2014 – 2020 proved itself to be essential as regards the financing through sub measure 4.2 "GBER state aid scheme" within the NRDP 2014-2020, with a success rate of 68% of the total submitted projects.

Keywords: support, NRDP 2014-2020, projects, bakery, bread

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INTRODUCTION

Romania is one of the world largest producers of cereals, the import of bakery and pastry products has been significantly rising from one year to another. (Radu, 2019).

To satisfy better consumers' preferences, bakery industry has to maintain a continuous product innovation keeping pace with the trends in healthcare. Besides of its social and health importance, bakery industry is a key subsector in food industry bringing its contribution to the economic development (Popescu et al., 2021).

Romania, as a member state with full rights, benefited from non-reimbursable funds in the period 2007-2013 and 2014-2020 in the total amount of 16.14 billion euros in order to improve the living conditions in the rural area, respectively the development of the agricultural and non-agricultural activity sectors (Sebastien et al., 2023).

Romania benefited from financial support within the rural development programs (2007-2013, 2014-2020) to support the establishment or modernization of agricultural products processing units. The financing of investments made in the manufacture of bakery products and flour products represents a real help in this branch.

Bakery, respectively, bread and bakery products, was one of the oldest occupations in our country, being an important branch of the food industry (Săseanu et al, 2018). Bakery products are among the most important basic foods consumed daily by people throughout the world (Qian et al, 2021). The bakery industry in Romania is extremely fragmented in terms of the fact that there are many small competitors, bakeries that operate on the specifics of local markets (Deselnicu et al, 2019).

The Romanians eat important quantities of cereals, the bread and the bakery products being one of the basic types of food eaten by the population (Stanciu, 2015). The bakery, namely the manufacturing of bread and other bakery products represents one of the oldest labors in Romania. At the same time, bakery represents a major component of food production. The Romanian bakery industry comprises bread factories, bakery products, biscuits, flour paste ware and expanded products (Săseanu et al., 2009).

Bread is a part of the foodstuffs that are the basis of many people's diets due to its nutritional value and the low price that is reflected from the flour from which it is obtained, the auxiliary materials used, and the technology applied (Codină et al., 2021).

Bakeries confront rising risks and genuine obstacles in the manufacture and delivery of completed goods, as well as poor performance

and a lack of sustainable profitability (Pop et al, 2022).

Taking into account the fact that bread and flour products are widely consumed at the national level, the support for the financing of some investments in this sector was considered appropriate, thus, the non-reimbursable support within the NRDP led to the creation and modernization of some factories and laboratories at the level of Romania.

The study presents data on the financing of investments in this type of units within the NRDP 2014-2020. The analysis carried out aims to highlight the interest of applicants for this type of investment or, on the contrary, if the market is saturated in this sense, this type of investment will no longer be attractive. This information is analyzed and processed according to the official documents available online on the website of the Ministry of Agriculture and Rural Development, respectively (MADR) of the Agency for Financing Rural Investments (AFIR).

MATERIAL AND METHOD

The research carried out is based on the analysis of specialized literature on the national level of the confectionery industry, the consumption of bakery and pastry products.

At the same time, the documents available online on the website (AFIR) were analyzed and processed regarding the GBER State Aid Scheme Stimulating regional development by making investments for the processing and marketing of agricultural products in order to obtain non-agricultural products within the 2014 PNDR- 2020. A number of 56 election reports related to the analyzed financing scheme were analyzed, in order to highlight the interest of the applicants for investments in the fields of bakery and pastry.

The analyzed indicators were the following:

- the amount allocated in euros for this type of investment;
- number of submitted projects;
- number of selected projects;
- number of financed projects;
- number of completed projects.

The analysis carried out responds to the purpose of the research regarding the investments made in the processing units of bakery and pastry products at the national level with funding under the PNDR 2014-2020.

RESULTS AND DISCUSSIONS

The state aid scheme "Stimulating regional development by making investments, including in the fruit-growing sector, for the processing and marketing of agricultural products in order to obtain non-agricultural products" related to sub measure 4.2 within the PNDR 2014-2020, financed the investments that fell within in CAEN code class 107 Manufacture of bakery products and flour products:

1071 Bread making; manufacture of cakes and fresh pastry products;

1072 Manufacture of biscuits and cookies; manufacture of cakes and preserved pastry products

1073 Manufacture of macaroni, noodles, couscous and other similar flour products;

The specific objectives of the GBER state aid scheme aim (according to the Applicant's Guide version 2018):

1. The introduction of new technologies and procedures for obtaining new non-agricultural or higher quality products and the opening of new internal markets, especially in the context of integrated food chains;

2. Increasing the quality of the obtained products, food safety and obtaining new competitive products, with an economic impact on further processing in enterprises, with the assurance of veterinary and food safety standards;

3. Increasing the number of jobs.

The eligible beneficiaries according to the Applicant Guide were represented by:

1. Enterprises defined according to the national legislation in force;
2. Cooperatives, groups of producers established on the basis of the national legislation in force.

The maximum amount of aid granted under the scheme related to sM 4.2 could not exceed the maximum ceiling/project of 1,000,000 Euro/project for SMEs in the case of projects that did not involve investments leading to an integrated food chain and went up to 2,500. 000 euros for investments lead to an integrated food chain. (Applicant's Guide, 2018 version)

During the analyzed period (NRDP 2014-2020), the projects that requested funding under GBER sM 4.2a benefited from a number of three submission sessions, sessions held in 2016, 2017 and 2019

respectively, with a total available value of 142.8 million Euro. We note that the funds allocated in the first two sessions required a longer period than the estimated period in order to request, so these sessions benefited from an extended period in order to request the entire value allocated.

Table 1 The situation of the project submission sessions related to GBER sM 4.2

Submission session	Euro value
GBER sM 4.2 – 01/16 – 30.12.2016	37.500.000
GBER sM 4.2 – 01/17 – 31.10.2017	70.000.000
GBER sM 4.2 – 01/18 – 30.06.2018	35.348.504
Total	142.848.504

Source: own processing after AFIR

The allocated value related to Sub-measure 4.2 of the GBER State Aid Scheme for the period 2014-2020 was 95.5 million euros, a

value that was requested in full, considering that the value according to the Project Request Announcements was 142.8 million euros.

At the same time (table 2), the value of the selected projects was 22.2 million Euro higher compared to the allocated value.

In the period 2014-2020, according to table 2, an increased interest in the investments financed under the GBER Scheme can be observed, with the mention that the investments in CAEN codes corresponding to class 107 were not the only eligible investments. Thus, from the total of 239 submitted projects, 163 projects were selected for financing, which represents 68% of the total number of submitted projects. By the beginning of April 2023, 56% of contracted projects have been completed (table3).

Table 2 The status of the Funding Applications submitted and selected during the period 2014-2020

Sub-measure 4.2 "GBER State aid scheme"	Public allocation NRDP 2014-2020 v.15.0	Funding applications submitted		Selected funding applications		Selected funding requests % Funding requests submitted
		No.	Value	No.	Value	
	95.500.000	239	157.034.082	163	117.790.038	68

Source: Own processing after the 2014-2020 NRDP Implementation Stage as of 04/06/2023, www.madr.ro

Table 3 Status of Contracts completed on 04/06/2023

Sub-measure 4.2 "GBER State aid scheme"	Public allocation NRDP 2014-2020 v.15.0	Selected funding applications		Completed Contracts/Funding Decisions		Completed contracts % of selected requests
		No.	Value	No.	Value	
	95.500.000	163	117.790.038	91	59.183.436	56

Source: Own processing after the 2014-2020 NRDP Implementation Stage as of 04/06/2023, www.madr.ro

Table 4 Status of Contracts terminated on 04/06/2023

Sub-measure 4.2 "GBER State aid scheme"	Public allocation NRDP 2014-2020 v.15.0	Selected funding applications		Terminated Contracts/Funding Decisions		% terminated value of the total contracted value	% number of terminated contracts out of total contracts t
		No.	Value	No.	Value		
	95.500.000	163	117.790.038	20	16.533.551	14	12

Source: Own processing after the 2014-2020 PNDR Implementation Stage as of 04/06/2023, www.madr.ro

Following the processing of the information regarding the implementation stage of GBER sM.4.2, it is observed that 12% of the total funding applications selected for funding have been terminated, respectively 14% of the total allocated value related to the funding scheme. The year 2020 was the year that raised

problems in the implementation of investments as a result of investor uncertainty regarding the future of ongoing projects. This being also due to the uncertainty caused by the SARS Cov 2 pandemic, which also had implications in the development of projects financed under the NRDP(Cuc et al., 2023).

Following the analysis and processing of the 56 monthly reports (selected, unfunded,

failed projects) related to the projects that were selected for funding available on the AFIR website, it emerged that, out of the total of 163 funding applications selected for funding, 117 funding requests fell under CAEN code class 107 Manufacture of bakery and flour products, which also represents 46 funding requests related to other eligible codes within the GBER sM. 4.2.

Thus, 71.18% of the total selected projects are new investments or modernizations in the field of baking and pastry. (Table 5) This highlights the increased interest in manufacturing in order to sell this type of product, which is also due to the type of consumer of bread and bakery products, respectively pastry at the national level.

Table 5 The status of the selected projects related to CAEN 107 according to the selection reports

Monthly selection reports	No. selected projects	No. related projects CAEN 107	% projects selected CAEN 107 from total projects
16.08-31.08.2016	2	2	100,00
16.08-31.08.2016	10	8	80,00
01.09-30.09.2016	1	1	100,00
01.09-20.09.2016	7	4	57,14
01.11- 30.11.2016	1	1	100,00
01.12-31.12.2016	12	7	58,33
01.01-31.01.2017	7	4	57,14
01.08-31.08.2017	2	2	100,00
01.08-31.08.2017	5	3	60,00
01.09-30.09.2017	7	7	100,00
01.10-31.10.2017	18	13	72,22
01.11-30.11.2017	33	29	87,88
01.12- 29.12.2017	9	4	44,44
02.12- 31.01.2019	4	4	100,00
01.02-28.02.2019	10	6	60,00
01.03-31.03.2019	16	10	62,50
01.04-30.04.2019	19	12	63,16
Total	163	117	71,78

Source: Own processing after the implementation stage Archive of the reception sessions of the projects related to the sub-measures within the NRDP 2014 - 2020

The consumption of bakery products and bread by Romanian consumers increased significantly during 2020 (Ladăru et al., 2021).

It can be seen in Figure 1 that, for the period 2010-2020, the total consumption of bread and bakery products consumed per capita at the European level increased by one (1) kg in 2020, compared to 2010. At the same time, an increase of 3 kg per capita is related to pastry products and preserved cakes, respectively a

decrease in bread consumption of 2 kg per capita at European level.

According to the National Institute of Statistics, in Romania the consumption of such products stood at 7.38 kg/person in 2021, compared to 7.6 kg/person in 2020. Annually, in our country, a person consumed approximately 88, 57 kg of bread and bakery products in 2021 compared to 91.19 kg/person in 2020. (INS)

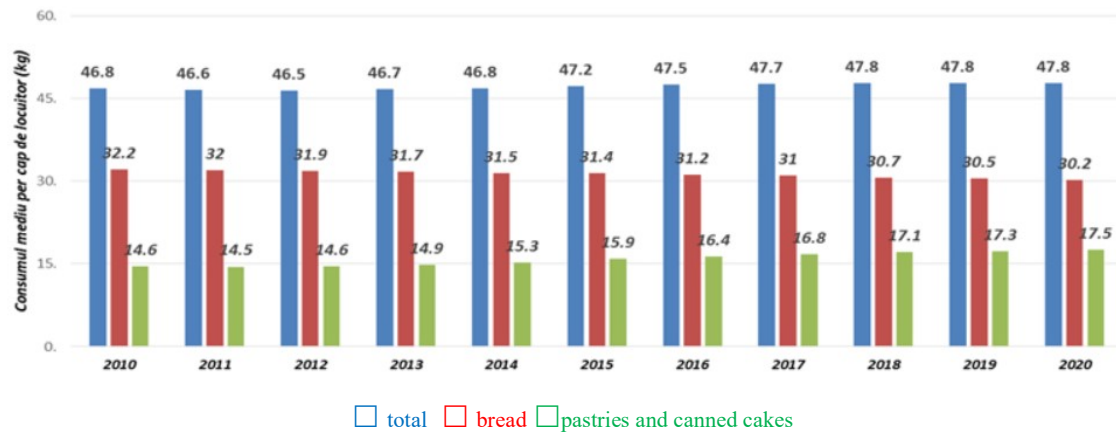


Figure 1 The amount of bread and bakery products consumed per capita at European level, in the period 2010-2020 (cotidianulagricol.ro, 2023)

Bread and pastry products are a daily part of Romanians' menu, 29% of those surveyed buying them daily and 39% 2-3 times a week. Only 10% of those interviewed buy bread and bakery products occasionally. (Studiu-privind-piata-painii-si-a-produselor-de-panificatie / Study concerning the Bread and Pastry market Study, 2021).

Consumers want to know what they eat and where the ingredients come from. The bakery industry is in a constant change, through co-innovation between the production and research sectors (Boeriu, Calefariu, 2019).

Taking into account this aspect, both the new investments in the production of bakery and pastry products, as well as the modernization of the existing ones within the PNDR 2014-2020, come to the support of the consumer considering the financing of the introduction of new technologies and processes for obtaining new non-agricultural products or of superior quality.

CONCLUSIONS

The bakery sector is of utmost importance for the Romanian economy. The population is an important consumer of bakery and pastry products.

This sometimes can be seen as counterintuitive as at the European level we assist at a reduction of the bread consumption due to changing consumer patterns.

The European funds are of utmost importance for the development of this sector. Moreover, we are assisting to a shift also in Romania as the consumer emphasize more and

the more the quality of the products. This puts an additional pressure on increasing the investments in the sector with an accent on the quality of goods delivered to the consumers.

NRDP 2014 – 2020 and its submeasure proved to be essential in the success of any relevant measures in that sector of activity. The high interest success rate proves that there is an interest among the beneficiaries and that they also prepare their candidatures in good faith, this level of professionalization being key for the long term sustainability.

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