

GESTIONAREA FINANTELOR PUBLICE LA NIVELUL AUTORITĂȚII PUBLICE LOCALE ȘI IMPACTUL ASUPRA DEZVOLTĂRII AGRICULTURII

MANAGEMENT OF PUBLIC FINANCES AT LOCAL PUBLIC AUTHORITY LEVEL AND THE IMPACT ON AGRICULTURE DEVELOPMENT

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Abstract

The formation of local budgets is a complex process through which local authorities plan and manage the financial resources necessary to cover current expenses and to support development projects in communities. The local budget is an essential tool in the efficient administration of public affairs at the level of a certain locality or region. The developments of the European construction had a major impact on the national and territorial collectivities. The Maastricht Treaty was appreciated as a step towards the official recognition of local and regional territorial collectivities by the European Community. Placing in the foreground the principle of subsidiarity, which was initially applied to the relations between the European Union and its member states, contributed to the promotion of policies favorable to the decentralization of power. However, local and regional autonomy were seen as institutional challenges for the states of Central and Eastern Europe, which had to restore their political system following the collapse of the totalitarian one, but also as a challenge to the traditional forms of the state, which are increasingly facing with systemic crises that inhibit its sustainable development. However, local and regional autonomy were seen as institutional challenges for the states of Central and Eastern Europe, which had to restore their political system following the collapse of the totalitarian one, but also as a challenge to the traditional forms of the state, which are increasingly facing with systemic crises that inhibit its sustainable development. Despite the efforts made, the state of affairs in this regard in the Republic of Moldova remains uncertain, characterized by a set of complicated developments and insignificant progress.

Keywords. Budget, agriculture, economic development,, decentralized administrative system, central public administration, local public administration, decentralization, local autonomy, local budget, territorial collectivities, competences, public services

Introduction.

The excessive fragmentation of the local public administration system (898 administrative-territorial units of level 1, of which 347 do not meet the legal conditions for establishment) leads to a decrease in its administrative capacity. The majority of rural administrations (about 94 percent of the total number) have, mainly, a role of representation, but not of ensuring the public services that fall under their competence. The insufficiency of administrative capacity generates the insufficiency of institutional capacity. Consequently, the means and administrative structures of the local authorities do not correspond to their mission. The topicality of the theme is confirmed by the numerous attempts to reform the public administration, especially the local one, in the period after the proclamation of the independence of the Republic of Moldova, by the incoherent changes of the relevant normative framework, which even at the current stage remains vague, confused and contradictory. Rural development is one approach comprehensive and coordinated of rural territories in different components: social (demography, services etc.), economic (activities, field of occupation, resources) and environment, with the goal of valorization better complementarities between city and country and increasing the resources specific to rural areas

The topicality and importance of the research is also confirmed by the key problems and challenges facing the Republic of Moldova: deep economic polarization, correlated with disparities between regions and a growing discrepancy between rural and urban communities, the high rate of poverty, which varies between 23 and 30 percent in the North, Center and South regions, compared to the capital. Most of the localities in the country remain underdeveloped, without technical and social infrastructure necessary for a decent life, without jobs, which makes them unattractive for their inhabitants and leads to the massive exodus of the population, but also to the increase in the absenteeism of the population in the elections, in especially the local ones. The local budget process represents the set of actions and measures undertaken by local authorities in order to implement the financial policy applied by the government authority. The budgetary process assumes the existence of financial resources, as well as their allocation for the purpose of providing citizens with public goods and services. The instrument in which all the financial resources and public expenses of the territorial administrative unit are reflected is the local budget. The budget is a document by which revenues and expenses are foreseen and approved every year or, as the case may be, only expenses, depending on the financing system of the respective budgetary institution.

The local budget is an instrument for planning and managing the financial activity and reflects the flows of revenue generation and spending, the method of financing the expenses by destination and covering the deficits, respectively the degree of autonomy of the local administration, respectively, vis-a-vis the central administration.

In order for the local budget to become operational, it is necessary to develop the government's financial policy for a certain period, the existence of the legal framework that regulates the categories and levels of taxes, fees and contributions levied from natural and legal persons, as well as the destinations towards which the allocations can be directed budget for the provision of public goods and services. Based on a certain legislative framework that must be in accordance with the objectives of the government program, the local council can trigger the local budget process. The draft budget is drawn up by the main authorizing officer of credits considering the following: the forecasts of the main macroeconomic indicators, for the budget year for which the draft budget is drawn up as well as for the next 3 years; national and local fiscal and budgetary policies; local policies and strategies as well as priorities established in the formulation of budget proposals; the detailed expenditure proposals of subordinate credit officers; the prospective

economic-social development programs of the administrative-territorial unit in accordance with development policies at the local level; the programs drawn up by the main authorizing officer of credits for the purpose of financing certain actions or sets of actions, to which precise objectives and indicators of results and efficiency are associated - the programs are accompanied by the annual estimate of the performances of each program which must specify the actions, the associated costs, the objectives pursued, the estimated and obtained results for the following years measured by precise indicators whose choice is justified.

The agri-food sector has a strategic importance in the socio-economic development of Republic of Moldova. It contributes approximately 22% to the GDP, over 43% to the country's export, registering a higher growth dynamic compared to the export of non-food products, and a positive trade balance of about 50%. It represents the basic pillar for ensuring the country's food security, provides jobs for over 21% of the economically active population, and presents a high level of interconnectivity with other sectors economic such as financial-banking, transport, trade etc., contributing significantly to the formation, within them, of the gross added value. For rural areas, which comprise 57.6% of the population and most of the country's territory, the agri-food sector has an essential role from the perspective of social, economic and development environment, and is a fundamental component of the rural economy. This one has a contribution decisive for ensuring incomes, the implementation of reduction measures a vulnerabilities and increasing the well-being of the rural population.

The slow progress of rural development is correlated with the continuing trend of depopulation the rural environment based on migration and population aging. The rural environment still remains unattractive for the population, the main factors determining migration being the conditions poor living and working conditions, namely: insufficient provision of basic physical infrastructure; low access to social infrastructure such as health, education and social services; and the most influential factor is considered to be the lack of employment opportunities in the labor field, which determines the low level of income in the countryside and a high rate of absolute poverty.

The implementation of SNDAR 2023 - 2030 will be ensured through the unique program which to fully cover the targeted fields, the current program covering the period 2023-2026. The given approach represents a process of alignment with the way of programming and implementation applied in the European Union within the Common Agricultural Policy, being capacity to attract and manage European pre-accession funds prepared. The system of planning the financing on measures within the Program involves the allocation of funds necessary for all measures included for the entire deployment period, ensuring a synergistic coagulation of the contribution from the state budget sources and the assistance of multiples development partners.

Methodology.

In order to ensure a complex approach to the examined issue and for the in-depth elucidation of the investigated subjects, generally applied methods were used in the process of elaborating this paper, supplemented by appropriate logical procedures, documentary research, the comparative, statistical method that facilitated the study of administrative phenomena , especially regarding the administrative capacity of local public authorities and the volume of services provided by them, allowed us to formulate certain reasonings, to draw rigorous conclusions regarding the organization and operation of local public administration. Domestic researches approach the investigated subject mainly through the prism of the basic principles of local public administration, the strengthening of the administrative capacity of their public authorities through the

implementation of the administrative-territorial reform/territorial organization of local power, the decision-making process, resources, tools, mechanisms and work techniques of local public authorities.

Results and discussions.

The local budgets include two main chapters: locality revenues and expenses. Revenues are structured by chapters and subchapters, and expenses by parts, chapters, subchapters, titles, articles, as well as paragraphs and paragraphs, as appropriate. The expenses provided for in the chapters and articles have a precise and limited purpose. The operating sections and the development sections are used for the foundation of the local budgets and are approved as annexes to them. A characteristic of own revenues is that local authorities generally have freedom over how they are spent. It can be stated that the degree of autonomy of a community depends to a large extent on the weight of the incomes achieved at the local level in relation to other income resources of the local budgets. It would be ideal if the own income could cover the expenses incurred to meet local needs. The substantiation of the revenues of the local budgets is based on the ascertainment and value of the taxable matter and the tax base according to which the taxes and related fees are calculated, the evaluation of the services provided and the revenues obtained from them, as well as on other specific elements, including data series for the purpose of correct assessment of income. Own revenues are the revenues that the authorities achieve at the local level. Depending on the source of collection, the revenues that are realized at the local level can be fiscal revenues, non-fiscal revenues, capital revenues and special destination revenues.

State Budget revenues for the year 2024 are estimated at 66,632.0 million lei, an increase of 1.3% compared to the current year, and expenses amount to 82,222.0 million lei, with a decrease of 2, 2 %. The state budget deficit is within the limit of 15,790.0 million lei or 4.6% of GDP. The state debt for the end of 2024 is forecast at the level of 125,525.6 million lei, of which 64.5% is the external state debt and 35.5% – the internal state debt.

Policies to support small and medium-sized enterprises remain a priority, with more than 197 million lei allocated to finance a series of programs aimed at the sustainable development of SMEs, their expansion throughout the country, especially in rural areas, the creation new jobs, more active involvement of young people and women.

For the continuous development of the transport and infrastructure system, means in the amount of 4,036.5 million lei are planned in the budget, of which 1,393.9 million lei are financial means from external sources and 2,505.6 million lei for repair and maintenance national and local roads. For the subsidization of the agricultural sector, rural development and the integration of the national agro-industrial sector in the European economy, allocations in the amount of 1,600.0 million lei are provided in the budget for 2024. Also, 322.1 million lei will be allocated for energy efficiency, 601.5 million lei - for the National Regional and Local Development Fund and 175.0 million lei - for the promotion of environmental protection policies. 11 million lei are planned for the creation of a support fund for the distribution of print media. The financial resources will be used to fully compensate for the increase in the newspaper distribution rate.

A 4.4% increase in the national public budget revenues is foreseen compared to the specified volume in 2023. These will constitute 107,172.0 million lei. The expenses will amount to 122,962.0 million lei and will be higher by more than 1.5% compared to 2023. Beyond ensuring the implementation of the provisions of the Association Agreement between the Republic Moldova and the European Union, and respectively of the EU - Republic Association Program Moldova for the period 2021-2027, the fact will be taken into account within the Program the Republic of Moldova

obtaining the status of a candidate country for the EU. This means the need to strengthen the political and legislative approach to the Common Agricultural Policy, ensuring a synergistic framework of European Green Pact actions, focused in particular on the objectives of the "Farm to Consumer" Strategy and the EU Strategy in the field biodiversity for 2030. Synergistic with the priorities of the European integration agenda, the implementation of the program will require the development and creation of the institutional framework of application of requirements for connection and alignment with the EU *acquis* and institutional solutions.

Local budgets represent the main part of local public finances that reflect the economic ratios for the mobilization of financial resources necessary for the realization of social-cultural, economic and other actions within the competence of the local public administration authorities. The local budget means the act in which the incomes and expenses of the local communities are registered, for a period of one year. The local budgets reflect the flows of revenue generation and expenditure of local administrations, the method of financing the expenditures by destination and covering the deficits. The public finance law recognizes two main categories: withdrawals from the state budget (amounts and shares broken down from some revenues to the state budget) and subsidies. The most consistent funds are those in the first category. The amounts and shares broken down from some revenues to the state budget are revenues that correspond to the system of sharing taxes and fees between different levels of government. The distribution system of these amounts is established at the central level, with local authorities having practically no control over their amount, and in some cases, not even over the way in which they will be spent. Local authorities thus receive amounts and broken-down rates from income taxes and VAT.

Subsidies represent sums allocated from the central level to local communities with a very well-defined purpose. Local authorities have no legal way to control the level of these amounts or how they will be spent.

The funds corresponding to the subsidies are distributed through the responsible ministries according to their destination.

Locality revenues, either locally or from the state, are insufficient, especially when it comes to making the necessary investments for the development of local communities. A possible source of additional income is loans. f according to the medium-term budget framework for the years 2021-2023, the share of own revenues of local budgets was supposed to be 40.3% in 2018 and 48.78% in 2020, respectively, then for the year 2023 the share of these revenues will not exceed 38.62%. To elaborate, the revenues of the local budgets that were in fact were analyzed.

In this chapter, we can mention that the revenues of local budgets are made up of 21-24% of collected taxes and fees and 71-75% of transfers from the state budget. We find that the largest share of local revenues comes from transfers from the state budget, and local communities collect insignificant funds from taxes and fees. It should be mentioned that the share of local budget revenues in the state budget will also register a significant reduction in dynamics by 10.16 percentage points in 2023 compared to 2020, which will also significantly limit the expenses made from these budgets.

The figures speak for themselves, in the situation where the rural population has a share of 57% of the total population of the country, the incomes of these communities make up only 40% of the total state incomes, and the expenses - 34%. There is a painful discrepancy between the standard of living of those in the cities, compared to that of the rural population. The local public administration is literally forced to "beg" for help from the "tsar" (which constitutes, let's remember, 71-75%) and, in addition to everything, to report every penny spent from the state "coffer"

A special contribution can be made to the development of rural localities, including by attracting economic means from European funds, funds that can be accessed thanks to the association agreements to which the Republic of Moldova is a party. We consider that the amount of funds attracted is a performance indicator of the management of the Local Public Agency with a significant value, which is also measurable and comparable if we relate it to the number of inhabitants. In the current conditions, in which citizens' trust in local elected officials is fragile, the focus should be slightly shifted towards ensuring the provision of quality services under conditions of increased decision-making transparency. The citizen wants and must be involved in community activities, he wants and must be regularly informed about the activity carried out by APL. In this sense, placing information of common interest on the official pages of the town hall, organizing thematic meetings with people from different age groups in order to identify their grievances and needs, permanent questioning of residents in order to accumulate feed-back regarding the quality of services or other community development activities and, why not, the participation of community members in evaluating the performance of the Local Public Agency management in their capacity as the main beneficiaries of all the activities started by the Local Public Agency

Conclusion.

Agriculture in the Republic of Moldova is a volatile activity and highly exposed to risks, being susceptible to natural factors such as frosts, floods, droughts, erosion and hail. Reducing dependence on such phenomena is a major challenge in the medium and long term in this sector.

The main measures and actions planned for the years 2024-2026:

- the granting of subsidies to agricultural producers through the National Fund for the Development of Agriculture and the Rural Environment for the strategic areas of the sector, including for increasing the competitiveness of the agro-industrial sector, ensuring the sustainable management of natural resources, improving the standard of living and work in the countryside, granting subsidies in advance for start-up projects, grant of advance subsidies for local development through the LEADER program; expansion of the areas with forest vegetation within the National Afforestation Program;

- awarding grants to agricultural producers and producer groups with the support of the "Competitive Agriculture" Project, which involves improving food safety management, improving market access potential, as well as creating the conditions for the management of animal by-products not intended for human consumption (establishment of the processing plant animal residues);

- granting grants for infrastructure projects, for climate change adaptation measures, establishing and rehabilitating protective curtains and grass covers, loans with grant portions for micro, small and medium enterprises, young entrepreneurs and rural women through the Rural Resilience Program and the Project "Improving capacities in the transformation of the rural area" (IFAD);

- supporting agricultural producers in the field of horticulture, by granting loans on more favorable terms, through the "Moldova Orchard" Project;

- financing programs, including leasing, through the Project

"Modernization of agricultural techniques and post-harvest equipment" which is intended for farmers (small and medium-sized agricultural enterprises) who want to make investments in order to improve agricultural productivity through agricultural machines and post-harvest equipment;

- the implementation of measures related to the "Investments for Governance, Growth and Resilience in Agriculture " Project to improve the provision of public agricultural services, stimulate market-oriented development for beneficiaries, stimulate the development of sub-sectors that register insufficient performance by granting co-participatory investment grants to eligible beneficiaries , rehabilitating and evaluating the irrigation infrastructure and increasing the resilience of the beneficiaries, in case of crisis or emergency. The expenses for the implementation of projects financed from external sources will increase from 4,462.5 million lei in 2023 to 5,036.4 million lei in 2026, or by 573.9 million lei. In those years, around 70 projects financed from external sources will take place, of which the main sectors that will benefit from these projects are:

- transports - 40.0% of the total;
- communal household - 10.0%;
- agriculture - 9.3%;
- health - 8.0%.

The public administration in the Republic of Moldova is in discord with the fundamental principle of subsidiarity; its organization and operation do not correspond to the Principles of Public Administration, being ineffective from the perspective of providing public services.

The process of delimiting policy-making functions from those regarding their implementation and the provision of public services is delayed, the transparency of the decision-making process and access to information are not ensured. The local public administration system is excessively fragmented, the absolute majority of local public administration authorities do not meet the conditions of administrative capacity, their structures and administrative means do not correspond to the mission of decentralized territorial collectivities, which mainly have the role of representation, but not of provision of public services. Their political, administrative and financial independence is limited, consequently affecting local autonomy and democracy. The research of the possible directions of rural development for the Republic of Moldova has a crucial role, being justified by the areas owned by the rural space and by the impressive number of people who populate this space, a number that registers a continuous decrease. The need for research in the field is also argued by the acute problems faced by the rural population such as: limited access to equipment and means of production, high interest rate on loans, lack of business planning experience, insufficiency of marketing channels, as well as product storage and transportation services. The infrastructure in the villages is at a critical level. In addition to undermining agriculture in rural life, the infrastructure of rural localities leaves much to be desired, the roads being in a desolate state, making it impossible for people from rural areas to use national routes. In the villages the social crisis is much deeper and more dramatic than the economic crisis. As a result of job cuts, as well as due to high inflation and the reduction in real terms of the volume of state spending for social needs, the rural population's sources of income, its purchasing capacity, and the possibilities to obtain of social aid from the state in the form of benefits and social services without payment. The aging of the population is observed, and the migration process has determined the depopulation of the villages. The population from the villages mostly blames the local public administration for inactivity, but we would like to mention that there have been and continue to be a significant number of deficiencies in the exercise of the management role of the Local Public Agency in the development of the rural space in the Republic of Moldova. Among these shortcomings, we should mention the insufficiency of financial resources, the high degree of politicization and the limited administrative capacity of local elected officials. As a result, the rural population always blames the local public administration, and the Local Public Agency, in turn,

with the loss of the population's trust, loses its most faithful ally, whose contribution is immeasurable towards the sustainable development of rural areas.

The principles of sustainable development at the economic level boil down to a prosperous, competitive and efficient rural economy, a sustainable agriculture that ensures adequate supplies of healthy food and covers the needs of consumers and, last but not least, a diverse and dynamic economy with services and local initiatives to create jobs.

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