



Agencia pentru Dezvoltare Regională
București - Ilfov

EXTRA-SMEs
Interreg Europe



EXTRA-SMEs - Improving policies to boost SME competitiveness and extraversion in EU coastal and rural areas where aquaculture is a driver of the regional economy



Peter Gugen

ACTION PLAN FOR THE BUCHAREST-ILFOV REGION

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INTRODUCTION

According to the Food and Agriculture Organization of the United Nations (FAO)¹, aquaculture is the fastest growing food-producing sector and accounts for 50% of the world's fish that is used for food. This strong trend presents a significant opportunity for development and a challenge for increasing competitiveness in an environmentally and economically sustainable way.

In Europe, aquaculture accounts for about 25% of fish production, directly employing some 85,000 people and a vital source of income particularly in coastal and rural areas. The industry consists of 14,000 local enterprises in the EU, 90% of which are SMEs. A greater number of enterprises and jobs depend on these SMEs, completing the value chain of EU aquaculture regional economies.

Improving competitiveness requires support and planning throughout the supply chain, as many actors are involved in relevant economic activities at regional level. Furthermore, EU SMEs face international competition from world's regions where industry is subject to lower regulatory requirements. On the other hand, such requirements are at the heart of high-quality production of EU aquaculture and can be the basis of a competitive advantage.

The Romanian aquaculture sector plays an important role for the Romanian economy, mostly due to its social role, to its potential as a food, to its wetlands and to the biodiversity. The improvement of the competitiveness and entrepreneurship in aquaculture is one of the most important targets of the decision-makers in the sector, given that aquaculture production represents the most important part in Romanian fish production.

Overall, productivity remains at 60% of the EU average, as the economy is dominated by SMEs concentrated in areas with low added value. In order to compete on the European market there

is a need to increase this share of labour productivity to the EU average, for the SMEs to become more competitive.

¹ <http://www.fao.org/aquaculture/en/>



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The Romanian aquaculture sector is also a mirror of the challenges that European aquaculture faces in terms of bureaucracy, uncertainty with regard to rules and regulations, lack of information regarding available funding sources, of support structures for aquatic SMEs and of qualified personnel. Finally, there is a need to improve the image of the sector and promote it through sustained actions at different levels that should include a wider range of stakeholders.

The development of the Action Plan has been part of the activities of the EXTRA-SMEs project, funded by the Interreg Europe Program, under the specific objective of increasing the capacity of regional authorities to effectively implement policies on SMEs entrepreneurial development, internationalization and extraversion. EXTRA-SMEs is an interregional cooperation project that aims to improve policy instruments, through concrete (implementation oriented) actions, inspired by the lessons learned from the project partners during the exchange of experience process. Its main objective is to actively improve the implementation of participating regions' policy instruments related to the SME competitiveness across the value chain of coastal and rural regional economies with a strong aquaculture component.

Through the Local Action Plan we intend to draw attention on the growing potential and benefits of the aquaculture sector. Moreover, we aim to promote entrepreneurship in the aquaculture sector, by facilitating the access to information in order to support new opportunities for SMEs competitiveness improvement.



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Part I – General information

Project **Improving policies to boost SME competitiveness and extraversion in EU coastal and rural areas where aquaculture is a driver of the regional economy “EXTRA-SMEs”**

Partner organization **Bucharest-Ilfov Regional Development Agency**

Other partner organizations involved (if relevant) **NA**

Country **Romania**

NUTS2 region **Bucharest-Ilfov**

Contact person **Daniel Popescu**

Email **daniel.popescu@adrbi.ro**

Phone number **+4021.315.96.59**



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Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument addressed: **It is envisaged to link the results of our Action Plan in relation to the next Regional Operational Programme - BI POR 2021-2027.**



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Part III – Details of the actions envisaged

ACTION – Development of support services through a Guide on financing sources and encouraging businesses in the Aquaculture sector

Background

The Romanian aquaculture sector is made up entirely of freshwater fish farms and the country's land resources and availability of inland waters provide excellent conditions for fish farming. According to the National Agency's for Fisheries and Aquaculture database, in Romania the most important cultured fish species are members of the cyprinids, particularly common carp, followed by trout, perch, pike, catfish and freshwater sturgeons. In total, the aquaculture sector produced 15.123,88 tonnes in 2019². The growth in aquaculture production can be attributed to the expanded production of common carp in polyculture, extensively or semi-intensively.

Pond fish farming is the dominant form of production in Romania, but raceways, pens, cages and tanks are also used. Innovative forms of production even combine cages with ponds to increase yields. According to the Economic Report of the EU Aquaculture sector (STECF-18-19)³ published by the Scientific, Technical and Economic Committee for Fisheries (STECF) in 2018, Romania had approximately 430 fish farming companies in 2016 with 3,699 employees of which 2,912 were fulltime. As in most of the rest of the EU, the sector in Romania is dominated by small and micro enterprises with less than 10 employees. In the EU as a whole, these small and typically family-owned, companies accounted for 90% of the total.

In terms of employment the Romanian aquaculture sector hires more people than all other EU countries, such as: Spain, France, Poland, Italy, and Greece. However, while the average turnover of the sector in these five countries is EUR 529m, in Romania it is EUR 28m⁴ suggesting that productivity in terms of turnover generated per employee in Romania is low.

The challenges faced by the Romanian aquaculture sector were discussed at the stakeholder meetings in the Bucharest-Ilfov Region. In these meetings, both the aquaculture related SMEs and the public authorities were given the opportunity to exchange their views. The discussions regarding the Romanian aquaculture sector have concluded that there is a need to encourage the promotion of this sector, by making information accessible to potential investors regarding the possible financing sources and ways to access them but also in a more hands-on approach –

² <http://www.anpa.ro/wp-content/uploads/file/Productie%202019%20acvacultura%201052020.pdf>

³ https://stecf.jrc.ec.europa.eu/reports/economic/-/asset_publisher/d71e/document/id/2446795

⁴ https://stecf.jrc.ec.europa.eu/reports/economic/-/asset_publisher/d71e/document/id/2446795

concerning the setting up of new businesses or modernizing the existing ones, thus enhancing the competitiveness of the sector.

The lessons learnt during the participation in the EXTRA-SMEs project meetings and interregional workshops fostered an understanding of the specific challenges and needs of SMEs in the aquaculture sector and lead to set up of the activities contained in this Action Plan. The experiences and initiatives carried out by the partners of the EXTRA-SMEs project have served as a source of inspiration to try to apply some of them in the Bucharest-Ilfov Region for the improvement of the local entrepreneurship in the aquaculture sector.

BI RDA was originally targeting the Regional Operational Programme 2014-2020. This has not proved to be feasible because of the timeframe - the current Regional Operational Programme is at its end period and concrete changes cannot be obtained at this time. However, following discussions with our stakeholders and our management, we have focused our attention to the next Operational Programme (BI ROP 2021-2027) and we hope to link the results of our Action Plan in relation to it.

We intend to reach the new policy instrument by developing support services through which we aim to promote measures that tackle the subject of improving the competitiveness of SMEs (all types of SMEs, including the aquatic SMEs) - however, given the nature of our institution's activity and the specifics of the Policy Instrument it cannot be restricted to measures or financing dedicated only to aquatic SMEs. These support services will refer to the identification of the most relevant financing sources in the aquaculture sector and how to access them whilst also making an overview of the most important steps in encouraging a business in this sector. We intend, within the SMEs ROP framework, to give a fresh boost to the various aquaculture businesses.

Concerning the connection with the new policy instrument, the Regional Operational Programme shall include as a priority "SMEs competitiveness – enhancing the development of SMEs on internal and external markets with a direct effect on SMEs growth and competitiveness". We appreciate that only a successful implementation of the herein Action Plan will allow to the aquaculture businesses to access ROP financing, therefore the policy instrument in hand being directly influenced.

At the moment, the new ROP 2021-2027 is still a draft version being under negotiation with the responsible bodies. It is intended that the programme guidelines will be finalized in 2022 and the first calls to be launched after this step is accomplished. However, there is a high degree of uncertainty and therefore we consider that a concrete action to influence the new ROP as much as possible under the current circumstances is the development of a guide regarding the potential financing sources in the aquaculture and how to encourage new businesses in this sector – as a predecessor document of the specific programme guidelines, therefore the action plan intends to

have a lasting impact and not to be limited to a single ERDF programme, therefore having a sustainability feature.

Action

Taking in account the learnings of the project, the current situation of the Romanian aquaculture sector and the discussions with our stakeholders, we have decided to develop a tool in the form of a Guide that will offer to the new investors in the sector the possibility to access practical information in one place on the most relevant financing sources in the aquaculture sector and how to access them whilst also making an overview of the most important steps in encouraging and setting up a business in this sector.

A source of inspiration for this action was the study visit that took place in Szczecin, Poland, where we had the opportunity to see a successfully established salmon farm. It is a model farm which, thanks to business savvy, the involvement and engagement of people and EU support, has succeeded in a difficult market due to its focus on organic salmon production. We were provided with information regarding the establishment of the factory, methods of financing, maintenance costs, profitability and production volume and we were able to see firsthand the different stages of productions, the processes, technics and parameters. Starting from this example, we thought of compiling practical information that would be beneficial for our stakeholders in terms of opening and maintaining a successful business in Aquaculture. This was also inspired by the Good Practice identified and presented by our Italian partner Liguria Region – *“Creation of a practical guideline explaining the bureaucratic and administrative procedures to start an aquaculture business, from A to Z.”*, helping us shape the Action Plan.

Another key factor that enabled the elaboration of the actions and recommendations comprised in this Action Plan is the successful collaboration with our regional and local stakeholders (key representatives from public authorities, research institutes, universities, private sector - SMEs and entrepreneurs, aquaculture producers and civil society) during the regional stakeholders meetings organized in the 1st Phase of the project. These events represented a major opportunity to exchange ideas and share knowledge in order to find ways to promote sustainable aquaculture activities and local entrepreneurship, thus improving the competitiveness of the aquaculture SMEs.

The Guide will be developed by making use of the expertise, wide experience and knowledge in the aquaculture sector that was provided by our partners and stakeholders and will include a dedicated section analyzing the possible financing sources (from BI POR 2021-2027 and other instruments) and identifying the most relevant ones for the aquatic SMEs, which could enhance,

if conditions will permit, the competitiveness of the sector. Furthermore, it will review the documentation and permits required helping the entrepreneurs to check that the new business is well planned out, registered properly and legally compliant.

The information from the good practices that will be included in the guide can be extremely useful to Romanian stakeholders and the potential of transferability is considerable high. The dissemination of the guide will also raise awareness among stakeholders concerning the benefits of increasing the aquatic SMEs competitiveness.

The Guide will be addressed to fish farmers, aquaculture producers, investors and SMEs that want to start a business in the aquaculture sector, but also to the general public interested in this field.

In the light of our stakeholders' needs identified at the project meetings, but also because of the fact that our country has the potential and resources to increase aquaculture fish output, we believe that the Guide will help entrepreneurs in improving their competitiveness on local markets. This will lead to increased competitiveness of the sector, as the aquaculture represents an important driver of local development, providing employment and incomes, and contributing to the social cohesion of the region. Our intention is that by producing this Guide and distributing, presenting and explaining it to the relevant stakeholders to tilt the scales towards increasing the competitiveness of SMEs and improving the image of the Aquaculture sector. In this regard, we will try to set up a dialogue between all parties involved, hoping to draw attention on the importance of the aquaculture sector to the Romanian production, emphasizing the need to support the aquatic SMEs to improve their competitiveness. The focus of this dialogue will be on sharing the learnings from the 1st phase of the project, raising awareness and providing further information on the benefits of the aquaculture sector. The guide will result following this dialogue and is intended as a support service for aquatic SMEs. We believe that the guidance offered to the interested parties through the support services described above will work towards the improvement of the chosen policy instrument.

Players involved

In the development and dissemination of the Guide, all the BI RDA stakeholders will be involved:

- fish farmers, aquaculture producers, investors/entrepreneurs and SMEs, NGOs in the fisheries and aquaculture sector as the main beneficiaries of the information shared through the Guide;



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- research institutes and universities, as they represent an important mechanism of sharing technical information (regarding for example water sampling, environmental authorizations);
- decision-makers and public authorities, as they represent the main bodies that ensure the allocation and implementation of funds in the aquaculture sector.

Timeframe

The Guide will be developed in the 2nd Phase of the EXTRA-SMEs project (2021-2023).

The main steps for the development of the Guide are the following:

- ✓ research of relevant materials and drafting the structure of the Guide (semester 7)
- ✓ development of the Guide (semester 8)
- ✓ dissemination & raising awareness in the aquaculture sector regarding the content of the Guide (semester 9)

Costs (if relevant)

18.000 euro

Funding sources (if relevant)

The funds needed to cover the costs for this Action will be gathered from the local authorities in the Bucharest-Ilfov Region, through the Regional Development Fund (based on the Law 315/2004).

