

STUDY ON EUROPEAN FINANCING IN THE FIELD OF PUBLIC FOOD AND TOURISM, AT THE LEVEL OF ROMANIA

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Abstract

Europe is today the culmination of its development, and European funding is the driving force behind the development of the economy of the Member States. The study aims to break down the economic phenomena related to the absorption of European funds and to analyze their evolution in the Multiannual Financial Frameworks (MFFs) 2007-2013 and 2014-2020. Methodologically, the research included a documentary analysis of some studies, reports, strategic documents and an empirical study based on the sociological investigation in the field of public food and tourism. The paper analyzed the impact of European funding at the level of Romania and the added value of European funds in the field of public food and tourism. The results of the study highlighted the major impact of European financing on economic development and the increase of the competitiveness of the economic sectors. The MFF 2007 - 2013 contributed to a great extent to the achievement of the proposed objectives. Thus, 9.4 million jobs were created, of which 42,000 research jobs were created, 0.4 million SME-s were created, access to road networks, railways, water supply increased for about 7 million people. In the current programming period (2014-2020) the European Commission aims to support specific areas such as economic, social and territorial cohesion, competitiveness for growth and jobs, administration, global Europe, sustainable growth; natural resources, security, and citizenship. For the next programming period, 2021 - 2027, the proposed budget amounts to 1.135 billion euros, representing the equivalent of 1.11% of the gross national income of the EU-27. The long-term objectives of the European Union are related to the single market, innovation and the digital sector, cohesion and values, natural resources and environment, migration and border management, security and defense, neighborhood and worldwide, European public administration. The case study conducted in the field of public food and tourism has revealed that although there are still barriers to accessing European funds (legislative, strict conditions imposed by specific guidelines, financial limitations) there is a high openness to the added value brought to the national economy by European funding.

Key words: EU funding, competitiveness, economic development

Europe holds the second most used currency in the world and is currently experiencing the largest innovation process in the context of the multinational research program "Horizon 2020" (European Commission, 2017).

At present, Europe is at the forefront of communication systems technology. In the context of globalization, the world population is permanently connected, the capacity of information transfer is greater than the capacity to adapt to the change of society.

In recent years, the European Union has made a significant contribution to the economic development of the Member States. The level of development of the Member States, in terms of accessing European funds, depends mainly on their ability to fully utilize the financial resources allocated (Horvat, 2005). Thus, the ability to absorb European funds is correlated with the power of a region to fully utilize the resources allocated from European funds efficiently and effectively (Kopeva *et al*, 2011). The specialized

literature reveals several studies on this topic. The essence of using European funds should be reflected in their impact on increasing competitiveness (Oprescu, 2006).

At the level of Romania, accessing European funds was a means to reduce economic and social disparities and to achieve economic and social cohesion (Pes and Porreta, 2016).

In the literature, we identify the opinions of the specialists proposing a reform of the EU budget. The views of specialists are mainly based on the reduced transparency of financial allocations (Le Cacheux, 2005; Cipriani, 2007; Fuest, Heinemann, Ungerer, 2015; Schratzenstaller *et al*, 2016).

Accessing European funds is the general framework for increasing the competitiveness of companies and obtaining positive economic results in each Member State.

In 2015, Mertinz and Potluka identify the mechanisms implemented by companies to be successful in the market: innovation (Regnoha

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and Lorincová, 2015, Audretsch *et al*, 2014, Triguero *et al*, 2014), export orientation (Mishra and Jaiswal, 2012, Cheptea *et al*, 2014), low price

MATERIAL AND METHOD

Documentary analysis represents the method with the highest weight in the present paper. The study aims to decompose the economic phenomena related to the absorption of European funds and to analyze their evolution in the 2007-2013 MFF; 2014-2020.

The present study is based on an analysis of the strategic documents published by the European Commission during the period 2017-2018. These were analyzed according to the following criteria: accessibility of the text, relevance to the topic addressed, nature of the information extracted. Following the selection, the White Paper on the future of Europe and the way forward, document prepared by the European Commission in 2017, was the main starting point of the present study.

Depending on the phenomenon analyzed, to obtain a true and comprehensive result, we have attached major importance to the identification of the key elements that influence the absorption of European funds. Thus, they were analyzed deductively from the whole to the part, thus performing a deductive economic analysis. For example, we analyzed the financial allocation within the National Program for Rural Development (NPRD) 2014-2020, going along the line of its formation, with the highlighting of the main support measures related to the research field.

The empirical study includes a statistical survey based on a questionnaire, conducted to increase the relevance of the data presented. Thus, through the investigation, we set out to highlight the added value of European funds in the field of public food and tourism.

RESULTS AND DISCUSSIONS

The European Commission reports a negative situation regarding the unemployment rate and the aging of the population. Thus, one of the objectives of the EU was to ensure for each generation a more prosperous situation compared to the previous generation. We are at a time when the unemployment rate for the population under 25 is 18.6%, while at the level of the entire working population is 8.2%. Studies conducted at the level of the European Commission show that Europe today faces challenges related to a deep digitalization of society. Most of the current jobs did not exist a decade ago, and forecasts show that in the coming years new activities will emerge, for which, today, we cannot imagine the usefulness. Thus, the whole society must adapt to these changes, being necessary reforms at the political, economic, social, cultural, etc. level. Major

strategies (Dobson and Piga, 2013) and specialization (production / services) (Micic *et al*, 2014).

changes must take place at the level of the education system, which will ensure the preparation of future generations in this regard.

After the crisis started in 2008, a stagnation of economic progress was felt at the level of Europe. The crisis has led to the cancellation of large-scale projects leading to economic and structural deficiencies at the European level. Challenges at the level of the European Union have intensified, leading to the need for action strategies.

The MFF 2007 - 2013 contributed to a great extent to the achievement of the proposed objectives, such as (European Commission, 2017)

- 9.4 million people got a job;
- 8.7 million people have obtained a qualification;
- 95,000 research and innovation projects were developed;
- 42,000 research jobs were created;
- 400,000 small and medium-sized enterprises received support, creating a million jobs within them;
- access to improved water supply services for approximately 6 million people was facilitated;
- access to improved wastewater treatment services for 7 million people was facilitated;
- about 2,600 km of railway lines and 2,400 km of roads were built.

With the absorption of European funds, Member States began to accumulate technical progress, and the development cycle began with visible effects at local, national and international levels.

The expansion of financing possibilities for the Member States has led to general economic progress, contributing significantly to reducing disparities between states.

Whether we talk about the rural environment or the urban environment, the results of the implementation of the projects financed from European funds have contributed significantly to the economic growth of Romania, from the pre-accession period.

The programs proposed in the MFF 2014 - 2020 have received high attention from the Member States, as a result of the results obtained in the previous MFF.

The budgets granted in the MFF 2014-2020, by specific areas were:

- Economic, social and territorial cohesion - 371.4 billion euros;
- Competitiveness for growth and jobs - 142.1 billion euros;

- Administration - 69.6 billion euros;
- Global Europe - € 66.3 billion;
- Sustainable growth; natural resources - 420.0 billion euros;
- Security and citizenship - 17.7 billion euros.

European funding plays a major role in the development of the national economy. Given the numerous possibilities of accessing the European funds that Romania had in the 2014-2020 MFF, people with entrepreneurial spirit have managed to develop economic activities, thus contributing to improving the living conditions of the population.

Within the NPRD 2014 - 2020, the total public allocation is 9,441,583,798 euros, out of which payments of 3,617,295,228 euros were made. Analyzing the public data available on the website of the Ministry of Agriculture and Rural Development (MARD), we can see that 58,037 projects were submitted within the NPRD 2014 - 2020, and until May 2019, financing contracts for 32,026 projects were concluded. The total payments made by the EU so far are 3,617,295,228 euros (*table 1*).

Table 1

**The state of implementation of the NPRD 2014 – 2020
38/5000**

Selected projects		Contracted projects						Payments made
		Contracted projects (ongoing and completed)		Projects completed		Canceled projects		
No.	Value (euro)	No.	Value (euro)	No.	Value (euro)	No.	Value (euro)	
34,999	4,695,111,803	32,026	4,109,279,570	7,425	584,828,851	160	38,336,725	3,617,295,228

Analyzing the main sub-measures financed under the NPRD 2014 - 2020, it can be observed that the interest in accessing the European funds is high. Information on the main sub-measures funded through NPRD 2014 - 2020 was extracted from the report prepared by MARD.

In the NPRD 2014 - 2020, the rural population benefited from the support needed to develop the activities carried out. Whether we are talking about agricultural activities or non-agricultural activities, the financing possibilities have been numerous.

Table 2

The stage of implementation of NPRD 2014 - 2020 - the main measures related to the field of study

Submeasure	Selected projects		Contracted projects						Payments made - euro
			Contracted projects		Projects completed		Canceled projects		
	No.	Value (euro)	No.	Value (euro)	No.	Value (euro)	No.	Value (euro)	
6.2 "Support for setting up non-agricultural activities in rural areas"	1,892	111,320,000	1,852	108,958,000	243	13,830,000	10	580,000	80,605,904
6.3 "Support for the development of small farms"	10,878	163,170,000	8,896	133,398,750	1,657	24,855,000	12	180,000	95,410,376
6.4 "Investments in the creation and development of non-agricultural activities"	985	162,489,275	879	145,839,564	237	30,889,526	32	4,647,008	56,436,285
19.2 "Support for the implementation of actions within the local development strategy"	4,903	287,368,967	4,877	286,077,780	538	34,391,138	26	1,186,621	106,123,271

Source: MARD

European funding has been a means of developing economic activities in rural areas in recent years. Through accessing European funds, companies have invested in intelligent business management systems. Thus, rural companies have become more competitive, managing to face the new challenges at the national and international level.

Related to the field of study, within the NPRD 2014-2020 support for public food and tourism was granted through the following sub-measures: 6.2 "Support for setting up non-agricultural activities in rural areas"; 6.3 "Support for the development of small farms"; 6.4 "Investments in the creation and development of non-agricultural activities"; 19.2 "Support for the implementation of actions within the local development strategy". The total public allocation was 724,348,242 euros, being made until May 2019, payments amounting to 338,575,836 euros (table 2). The large number of projects submitted highlights the interest of the contractors for this field of activity.

Analyzing the data in Table 2, we find that a significant number of projects were terminated. This can be correlated with the poor information of the applicants of the European funding. In most cases, failure to comply with the conditions to be met leads to their failure to comply and termination of financing contracts.

Due to the support programs for the activity in the rural area, we are talking today about companies with modern technical capital, which provide jobs for the population in the rural area and constantly contribute to the growth of the local economy.

In 2017, the EU Financing Guide for the tourism sector (2014 - 2020) was developed at the EU level. Within this strategic document, all the financing possibilities for the tourism sector were presented between 2014 and 2020.

Within the EU Financing Guide for the tourism sector (2014-2020) were presented the most relevant programs for the tourism sector within the EU:

The European Fund for Strategic Investments supports the following actions in the field of tourism:

- transport infrastructure;
- investments in the energy efficiency of tourist resorts and hotels;
- revitalizing the deactivated industrial areas by transforming them into areas where recreational activities can take place;
- financing of SMEs in the field of tourism;

- investment platforms dedicated to tourism.
- ERDF - supports investments for:*
- research activities in tourism;
- development of IT products for tourism - applications, databases;
- innovation of tourist services;
- diversification of the offer of tourism products and services;
- supporting cooperation in all industries in the tourism sector - setting up clusters;
- supporting regional development by ensuring the link between the inland and coastal regions;
- improving the energy efficiency of SMEs active in tourism;
- supporting entrepreneurship in the field of tourism.

In the MFF 2021-2027, the European Commission intends to invest in the following strategic areas:

- the single market, innovation and the digital sector -187.4 billion euros;
- cohesion and values - 442.4 billion euros;
- natural resources and environment - 378.9 billion euros;
- migration and border management - € 34.9 billion;
- security and defense - 27.5 billion euros;
- Neighborhood and the whole world - 123 billion euros;
- European public administration - 85.3 billion euros;

European funding is the driving force behind economic development. In recent years, through the absorption of European funds, there has been a significant expansion of the key sectors of the national economy.

To increase the relevance of the present study, we conducted a sociological survey based on a questionnaire. Thus, the questions were addressed to 15 economic agents from the North-East and South-East Development Regions, who accessed European funds through NPRD 2007-2013, NPRD 2014-2020, Regional Operational Program (ROP) 2007-2013 and ROP 2014 - 2020.

Of the 15 respondents to the questionnaire, 58% accessed European funds in the present MFF (2014-2020). We also highlight in this context that the number of applicants for European funds has increased significantly compared to the previous MFF (*Figure 1*). The opening towards the support programs is mainly due to the success that the applicants had during the period 2007 - 2013.

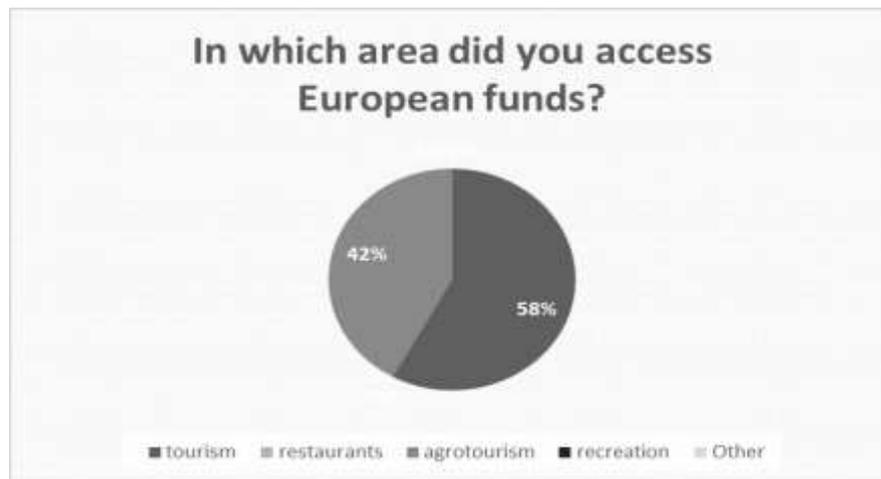


Figure 1 Group of respondents by area of accessing European funds (%)

Of the 15 respondents, only 17% did not encounter difficulties in accessing the European funds, while 33% had difficulties caused to limit the possibilities of limiting co-financing for investigations. A weight of 25% of the respondents and the difficulties in the legislative matters are

encountered, and 17% encounter difficulties related to multiple criteria and selection conditions imposed by the guide (figure 2). The study answers to the category of care of the beneficiaries to overcome the use of the barrier.

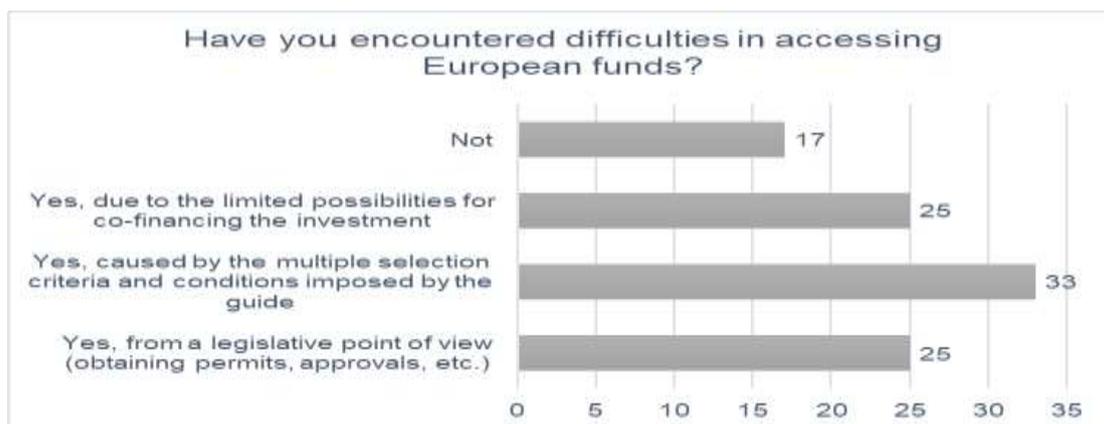


Figure 2 Group of respondents according to the difficulties encountered in accessing European funds (%)

Of the 15 respondents to the questionnaire, 42% stated that there is a high degree of appreciation from the clients that the infrastructure is created by accessing European funds (figure 3).

Given that access to European funds is strictly conditional on compliance with a set of principles, the infrastructures created correspond to international standards.

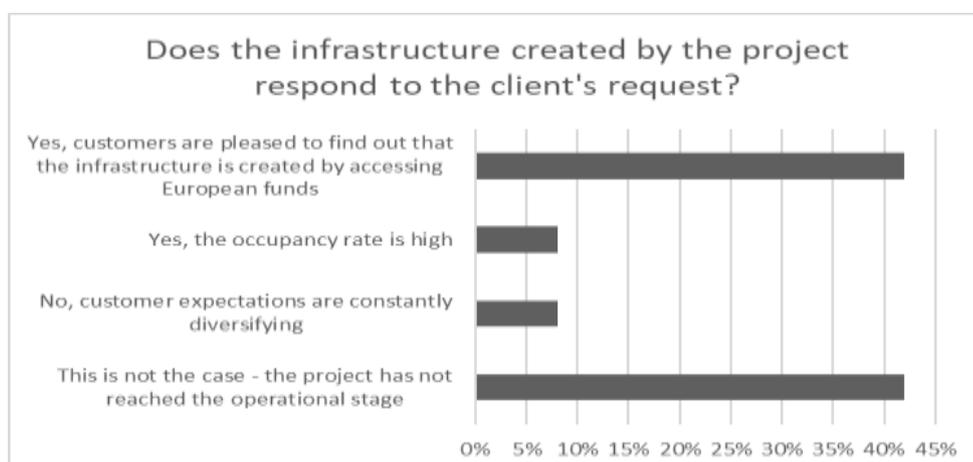


Figure 3 The degree of coverage of the market requirements of the infrastructures created by accessing the European funds (%)

Of the 15 respondents, 67% said that they intend to submit a new European project (Figure 4). This openness to European funding shows a tendency to develop the activity in the field in the next period. The opening towards the absorption of

European funds is based on previous experience and successful business models promoted at the national level by the Representation of the European Commission in Romania.



Figure 4 Grouping of respondents according to the intention of submitting a new European project

In the context of the next programming period, we anticipate a high interest of the economic actors in the field of public food and tourism to attract a large volume of European funds.

The ability of European funds to generate economic development will mainly depend on the use of funds efficiently and effectively.

At the national level, during the two programming periods (2007-2013; 2014-2020) important progress was made, creating jobs and development opportunities for young people.

CONCLUSIONS

In the MFF 2007 - 2013, objectives were achieved such as job creation and population specialization, supporting research infrastructure; supporting small and medium-sized enterprises, facilitating access to improved water supply services, wastewater treatment services, construction of roads and railways, etc.

Analyzing the public data available on the website of the Ministry of Agriculture and Rural Development (MARD), we highlighted that 58,037 projects were submitted within the NPRD 2014 - 2020, with financing contracts for 32,026 projects being completed by May 2019. The total payments made by the EU so far are 3,617,295,228 euros.

In the MFF 2014 - 2020, there were numerous possibilities for financing the public food and tourism sector, in this regard, we mention sub-measures 6.2 "Support for setting up non-agricultural activities in rural areas" and 6.4 "Investments in the creation and development of

non-agricultural activities", as well as other support programs.

According to the forecasts made by the European Commission in the MFF 2021-2027, the European Union will allocate 442.4 billion euros for cohesion and values (over 30% of the EU budget for this programming period). The growth and development of the Member States will continue to be a priority in the long term future.

The sociological survey based on the questionnaire made revealed that there is a great openness to the absorption of European funds and a confidence of the population in the positive effects generated by them.

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