

# **BUILDING INSTITUTIONS FOR THE STRUCTURAL FUNDS IN THE VISEGRAD COUNTRIES\***

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## **Introduction**

It is almost a commonplace that Structural Funds (SF) have a significant impact on public administration, especially in the Central and Eastern European (CEE) countries where the absorption of EU subsidies is one of the most important policy and political ambitions. However, the governance regime of Structural Funds is a considerable challenge, since traditional government structures and practices in the CEE countries do not typically harmonise with the principles of decentralisation or regionalism, partnership, efficiency, transparency and strategic integrative planning. Therefore, CEE countries have tried to adapt to these challenges in different ways; institutionally by implementing internal structural reforms of public administration (learning) and/or by establishing separate, “unfamiliar” structures and institutions to better fit the SF system (imitating), besides functional changes in the instrumental model and processes. The main question was whether it is better to develop an internal institutional system and integrate it into the national administration in a way corresponding to EU regulations, or to build a new SF institution separated from the national governmental structure, so that the SF institution thus created fully fits the European requirements.

For comparison we have chosen four “Visegrad” countries, the Czech Republic, Hungary, Poland and Slovakia, representing special Central and Eastern European answers to the institutionalisation pressure of the Structural Funds. All of them accessed to the EU at the same time, still they have had different SF managing structures.

Having very few own resources for development, the proper utilisation of EU resources has been one of the most important political objectives in the Visegrad countries. This strong financial dependence greatly influenced the institutional system established for the utilisation of the pre-accession, then the structural and the

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cohesion funds. Namely, in the course of shaping the institutional system, the EU regulations had to be respected which, however, were changing over time together with the aims and tools of the EU's cohesion policy. From the very beginning the Visegrad countries were "shooting at moving targets" as regards both the objectives to be supported and the national SA managements established to effectively allocate the resources (Figure 1).

In 2004 all four Visegrad countries acceded to the European Union as full members, but in respect of some funds the new members became only partially "equal" to the old ones. Suffice to mention here, for example, the gradual introduction of agricultural direct payments between 2004 and 2013, or the practice of so-called capping. Moreover, the Visegrad co-operation was not an active integration at the time of the accession negotiations, which is clearly reflected in the fact that these four countries managed to achieve different conditions in the course of negotiating

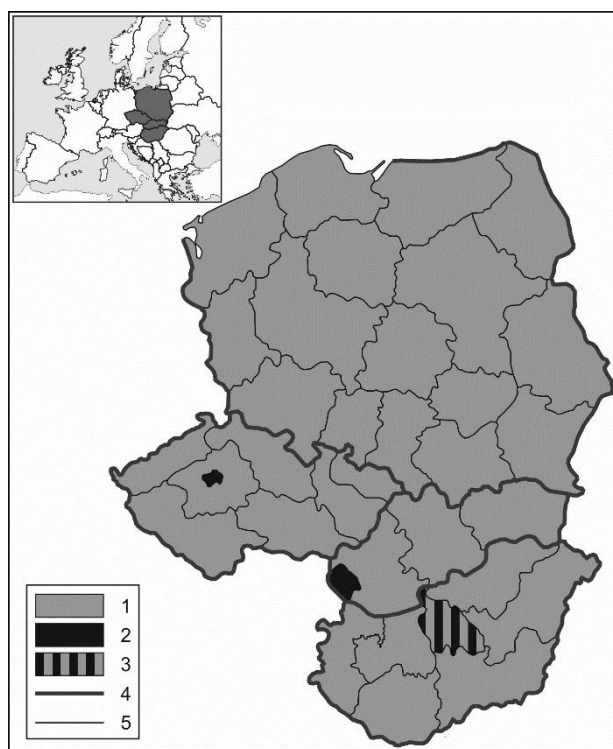


Figure 1. The research areas' categorisation, 2004–2013

Key: 1 – Cohesion Regions and Objective 1 areas; 2 – Competitiveness and Employment Regions and Objective 2 areas; 3 – Competitiveness and Employment Regions and before 2007 Objective 1 areas; 4 – National boundaries; 5 – NUTS 2 boundaries.

with the EU. Thus in 2013 the close co-operation of the four Visegrad countries was a surprise and it led to getting additional sums from the cohesion fund for each country.

Co-operation among the four Visegrad countries has varied in the course of history. There were periods of close co-operation as well as loose relations, sometimes getting to the brink of disintegration, which were obviously influenced by the foreign and minority policies of the political elites in power in these countries.

For a long time the EU dealt with not only these four countries but also the whole Eastern Bloc as a single unit, the so-called eastern issue. The East European policy of the EU also influenced the Visegrad co-operation. Although these countries have very different characteristics in respect of their public administration structure, economic dependence, settlement network and the role of their borders, it was only lately that they ceased to appear as one unit on the EU's map.

The four examined countries also differ in the way they have shaped their SA institutional system, following completely different ideas and having diverse administration structures. The creation of SF management commenced in these countries at a time when EU cohesion policy seemed to prefer regions and was definitely favouring decentralisation. In 2004 the slogan of "Europe of regions" was already waning, but it still held true that the richer countries were federal, whereas the poorer ones were rather centralised. The EU regulations relating to SF management did not require decentralisation and – as it turned out – they contained several elements which could easily be "fulfilled" ostensibly. Some countries chose this easier way, while others launched organic changes with thorough work. The former ones were the so-called imitating countries, while the latter ones undertook to go through a learning process. Let us have a look how it happened.

### **Public Administration Reforms**

While in general the European Union considers the structure and functioning of public administration as a national internal affair, it has established a fairly strong adaptation pressure by regulating the rules of utilisation of the Structural Funds (Pálné Kovács 2009). From the perspective of territorial governance it is an important question, because this pressure on administrative reforms was simultaneous with SF management building in each Central and Eastern European Member State (EU 12). The Structural Fund's relative importance is particularly high in the CEE countries where the SF have virtually replaced the domestic development policy, determining the national contributions and the national development resources. The SF in these countries significantly exceed the volume of national development resources regulated by non-EU rules. Therefore, the role of the SF is much more dominant in these cases than in the old Member States, and thus these

funds serve as an instrument to promote multi-level and participative governance in the new Member States. That is why preparation for the Structural Funds was able to influence the administrative reforms in the CEE countries to such a high degree.

For example, the significant change in the Polish regional policy model was introduced when the comprehensive territorial reform came into force; there we can see a real learning process. On the other hand, Hungary only imitated the institutional reforms by having built separate SF institutions which have not been integrated into the public administration system. While in Poland and in the Czech Republic the public administration reforms have created self-governing regions, the so-called voivodeships at NUTS 2 and krajsat NUTS 3 levels, Slovakia and Hungary have only built planning regions at NUTS 2 level, transferring the administrative adjustment to these scales. The situation is contradictory in the Czech Republic, as instead of the NUTS 3 level institutions having self-governance and regional development tasks, one has to deal with 8 planning-statistical regions in the case of SF management. In contrast to this, the situation in Poland is ideal as everything can be found at the NUTS 2 level (Figure 2).

This diverse set of regional institutions and frameworks demonstrates that the scope for implementing EU Cohesion Policy varies greatly (Bachtler-McMaster, 2008). While the Polish NUTS 2 level forms a rational basis for regional Structural Funds programmes, in the other investigated countries the NUTS 2 regions contain more than one self-governing units.

During the reference years (2004–2013) partnership became one of the key principles of EU support policy. It means multi-tier (sub-national, national, supranational) and multi-actor (local and regional authorities, private and civil organisations) participation of partners in policy-making, planning, implementation, monitoring and evaluation (EP 2008). The system of multilevel governance, the degree of decentralisation and participation in decision-making and power, however, varies among the analysed countries and also among regions within a country. The legacy of centralism, the lack of traditions of working in partnership, and the weakly institutionalised sub-national authorities in the CEE countries raise questions about the transferability of the partnership approach to the new member states, the main recipients of cohesion funding (Dąbrowski, 2011).

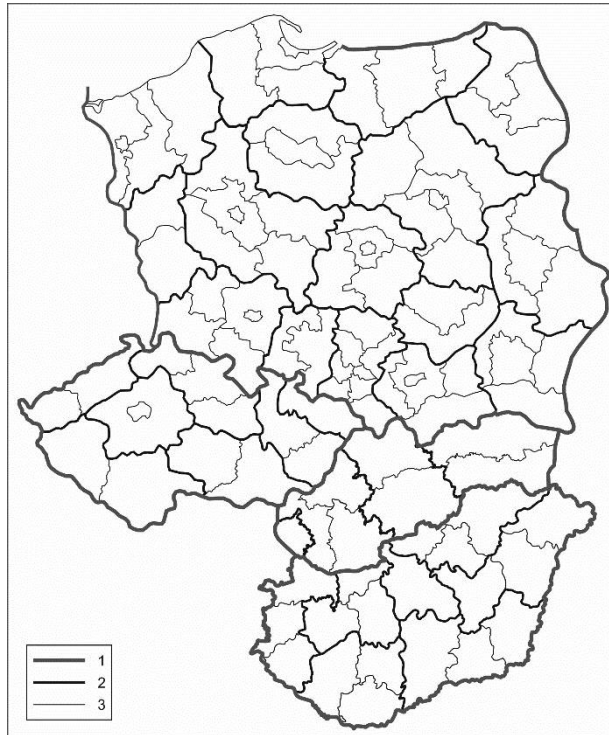


Figure 2: The Visegrad countries' public administration systems and their relationship with the NUTS 2 regions

Key: 1 - Country boundary; 2 - Boundary of NUTS 2 (planning or self-governing - regions; 3 - Boundary of NUTS 3 self-governing regions.

## Policy Co-ordination

### *Domestic Regional Policy*

In the 2007–2013 period each Visegrad country prepared a national development plan, called National Strategic Reference Framework (NSRF), agreed on by the Member States and the Commission, setting the investment priorities for the regional and sectoral programmes to be supported by the European Union in the given programming period. The *SF management institutions are responsible* for ensuring compliance with the objectives of the national development plan, which should be consistent with the *EU's balanced development requirement*. That is why the *planning* section of the *national development plans* and the *implementation* of the national programmes are both important in the CEE countries.

There are two main forms in the CEE countries' practice of supporting the balanced development of a territory through *domestic regional development management* and implementation. In the first model the special regional development "sectoral institution" (ministry) is responsible for regional development tasks, while another, a supra-ministerial institution is responsible for inter-sectoral coordination, that is, for the "horizontal" enforcement of the territorial approach. In this case the central administration of regional development is divided between two institutions. In the second model there is a top ministry which performs the management and planning of development policy as a whole, including domestic regional and inter-sectoral development.

These models varied over time and from country to country. For example, in Hungary the first model was built between 2008 and 2010, but before and after that Hungary can be considered a sample country of the second (divided) solution, as the tasks of planning and implementing regional development had been and have again become separated into two ministries. In Slovakia a top ministry of regional development (the Ministry of Construction and Regional Development) has been functioning since 1999, although from 2010 to 2012 the tasks of the ministry were divided (mostly) between two ministries and the Prime Minister's Office. Since 1996 the Czech and since 2005 the Polish practice can be classified as the second, integrated type, where regional development ministries have been responsible for regional development.

### *Integration of SF Management*

As regards the compliance of *SF institutions* with the domestic public administration systems, two models can be identified. In the *integrated* model the planning, implementing, monitoring and evaluating institutions and procedures are not distinct from the domestic development institutions and procedures. On the other hand, in the *separated* model there are parallel SF and public administration institutions. This model includes varying degrees of administrative integration (using existing administrative bodies), namely, the integration of programming (the EU programmes are integrated partly into domestic development policy implementation), and financial integration (using funds according to the national accounting rules). It may appear therefore as a mixed model, like the Hungarian one (Perger 2009).

From 2004 to 2006 the Polish SF management system was an integrated one. The managing authorities were located at different Operational Programmes (OPs) in different ministries. At the Integrated Regional Operational Programme (IROP) the Ministry of Economy, Labour and Social Policy of Poland (which was the central body of SF management until 2005) was responsible for co-operation with the self-governments of 16 voivodeships, and voivodeship offices were the intermediate

bodies. Since 2005, and of course during the new programming period, the Polish regional development top ministry has been responsible for both domestic regional policy and SF programme implementation. The managing, intermediate, certifying and auditing bodies are integral parts of the national public administration system. In the new programming period regional self-governments have become the managing authorities of the 16 new Regional Operational Programmes (ROPs) in Poland. These voivodeships are responsible for the domestic regional development tasks, too, so it is an integrated model also at a regional level.

In the period between 2004 and 2006 Slovakia, the Czech Republic and Hungary also had an integrated system for SF management. Usually the sectoral ministries were the managing authorities, and they made decisions about support. While the Slovakian and Czech systems remained integrated, the *Hungarian* SF institutional system became separated in the new programming period (2007–2013). SF planning, implementation and management became the tasks of the National Development Agency (NDA) which is now subordinated to the National Development Ministry, separated from the traditional public administration organisations. However, this system is rather a sample of the *mixed* model, characterised by the integration of the SF institutions' programming and financing, but with administrative separation. The NDA, in co-operation with the ministries concerned, is responsible for the planning and implementation of the entire NSRF as well as for the managing authority functions with respect to all operational programmes, including the regional ones. However, from 2014 on, SF management will again be the task of the ministries involved, thus becoming integrated once more.

### *Involvement of Self-governing Regions*

Here we are going to analyse the centralised and the decentralised public administration bodies' role in programming and implementation. In the *decentralised* model the regional actors have an important role in the process of planning, programming and implementing ROPs. They make decisions about the allocation of the ROPs. In contrast, in the classical form of the *centralised* model the central state administration bodies are responsible for planning, implementing and managing the whole SF programme, including the ROPs. Though these central bodies may involve regional partners in the planning process, it still remains centralised, as are the managing authorities (Perger 2009). The centralised SF managing system can increase the efficiency of co-ordinating the implementation of OPs and improve transparency, but from the point of view of territorial governance, this solution provides fewer opportunities for the regional actors.

The scope of action in financing is one of the most significant elements among the conditions of territorial governance. Authorisation in itself is not sufficient to

guarantee effective scope of action, *financial autonomy* is also required which, however, is deficient among the CEE countries' actors at regional level.

During the first programming period (2004–2006) the Polish SF management system was the most decentralised model in the Visegrad countries, since Poland has a decentralised state administration system with self-governing NUTS 2 regions. The new three-level territorial structure with large voivodeships was introduced in 1999. The regional is an administrative level with the government's local representatives, but there are also elected self-governments of the voivodeships, with their own budget and competencies. This new regional self-governmental framework corresponds to the NUTS 2 level which served as a basis for preparing the required institutional system of European Cohesion Policy in Poland. The territorial structural changes carried out made the management of regional development possible at the regional level from 2007. Essentially, due to the IROP (2004–2006), regional institutional capacity was successfully set up at the voivodeships. Thus, in the new programming period, the decentralisation of SF management could become deeper, as the 16 ROPs and their management by the regional self-governments justify it (MRD 2011). The Polish practice shows that *development policy can be transferred from the state administration to the self-governments*, which has increased the policy's legitimacy and integration.

From the point of view of territorial governance, it is a problem that public finances for regional development have remained centralised in Poland despite the so-called regional contracts signed by the regional self-governments and the Ministry. As an evaluation study explains, the impact of European Cohesion policy on the Polish multi-level governance system goes far beyond financing. The system needs the further enhancement of co-operation across levels among government, municipalities and public and private actors. There are also other challenges, like capacity-building at local-governmental level (competent and efficient public officials), and performance monitoring and policy impact assessment at both local and central levels (Kramer – Kołodziejcki 2011).

The Czech SF management system was centralised in the first programming period, as the Ministry of Regional Development managed the IROP programme. For the new programming period, 9 regional OPs were created, 2 for Prague and 7 for the cohesion regions. At the cohesion regions the Regional Councils, funded directly for the ROPs management in 2006, were the Managing Authorities, while in Prague a department of the City Hall had the same function. The Regional Councils (Boards), consisting of representatives from all regional assemblies (NUTS 3) within the NUTS 2 regions, have their own offices for the management and implementation of ROPs.

The Hungarian and Slovakian SF managements were centralised in the period between 2004 and 2006. The reason for this was their centralised state administration system, and it was an EU expectation that programme structure should be

single, transparent and centralised (Perger, 2009). The new Slovakian territorial governments had no role in NSRF planning (Buček, 2011); by contrast, the Hungarian Regional Development Councils, established by the Regional Development Act and operating from 1999, were able to prepare regional development strategies. Finally, due to pressure from the EU, Hungary made one single ROP, which relied only partially on regional plans. Slovakia, however, had no regional programme at all, only a sectoral OP with regional elements.

After 2007 the Hungarian model, with 7 separated ROPs but with a centralised managing authority (NDA), became more centralised, though the RDAs were the intermediate bodies of the ROPs. However, the Slovakian system is even more centralised. Except for the City of Bratislava, the regional self-governments (krajs) are partly involved in the implementation of SF, since each one is an intermediate organisation in the Integrated Regional Operational Programme. In the Bratislava OP the city self-government is the intermediate body (Buček 2011).

Hungarian regionalists hoped that top-down regionalisation could be implemented, first when the Regional Development Act was born, then at the time of elaborating the national development plans in the early 2000s (these had regional dimensions, too, and there were multi-level discussions about the plans). But RDCs and RDAs had a negligible role in the allocation of the national development resources from the beginning (1996) to 2008. It was negligible because the amount of decentralised domestic regional development funds was very small. From 2012, when RDCs were abolished, the county governments remained the only spatial development and planning actors; they had been involved in elaborating regional development strategies, but they were not experienced in co-ordination. Since that time the local self-governments have lost many of their functions which have been transferred to the county level “deconcentrated” state administration. Besides this recentralisation, the RDAs, as SF institutional and regional development actors, have also become centralised organs.

### **Challenges for the Visegrad Countries**

One of the biggest challenges of adaptation was the so-called *Europeanisation pressure*, especially regionalisation. The extensive effect of the SF on national administrations in the CEE countries can be explained by their strong motivation to acquire development resources eligible for less developed regions. The CEE countries were preparing for accession at that time and they believed that regions mattered. The main argumentation for the necessity of regionalisation stemmed from SF regulations, although the criteria of “good governance” formulated and controlled yearly by the European Commission implied the indirect message to decentralise and develop the “regional administrative capacities” (Pálné Kovács 2011).

The CEE countries tried to adapt to the tasks deriving from the Europeanisation process. The motivation to gain access to SF played the most significant role in this, but there were no strict regulations for the establishment of administrative regions. The necessary elements of SF-driven adaptation were (1) the delimitation of the NUTS 2 regions; (2) the establishment of regional consultative bodies based on the principles of partnership, and also (3) that of the managing authorities of SF (Pálné Kovács, 2011). Poland was the “eminent student” among the Visegrad countries, while the others used the freedom of adaptation not for real, but for imitated regionalisation.

The *system of objectives of regional policy; the requirements concerning the institutional system* of the SF as well as the national programming and planning prescriptions created for fund absorption have all been *frequently modified*. Accordingly, national and regional practices of adjustment and plan elaboration procedures have also changed, and the success of adaptation has varied, too. In principle, EU member states have enjoyed greater liberty and have had wider responsibilities since 2007. Poland has exploited the opportunity of decentralisation, which the rest of the investigated countries have failed to achieve. The institutional changes in the system of public administration or regional policy further decreased the chances of preserving and transmitting organisational knowledge, the network of relations and also the already established other networks. For instance, the Hungarian regional level deprived of functions will not be able to co-ordinate the joint preparations for the period starting from 2014; the new method based on the collaboration of county municipalities is an utterly new practice rendering access to functioning methods and reliable partners difficult. County municipalities are not prepared for this task.

The *partnership principle* is a general EU requirement for all of the institutional bodies in the SF management system during the whole implementation process. However, due to the CEE countries’ traditional, bureaucratic state administration system and to their limited experiences in this field, partnership building has been a great challenge and it would need a new form of management. There are two ways to involve stakeholders in the SF allocation process; the first is when they are members of the Monitoring Committees and they monitor the implementation of SF funds, and the second, when they can comment on and/or create the sectoral and regional programmes of NSRFs. It was common that the biggest, umbrella organisations were able to exploit the opportunity of the SF consultation processes. The involvement of smaller NGOs poses some technical problems when it comes to expanding civil society partnerships in cohesion policy. Local or ad-hoc NGOs often lack the resources in terms of personnel and infrastructure to analyse and process documentation, and even to have continuous representation in case they participate (e.g. voluntary representatives attending meetings) (EP 2008).

The biggest challenge and the most difficult task of SF management is to *empower the final beneficiaries* and to give them enough time to learn the processes. The constantly changing conditions, institutions, rules and staff make it practically impossible for the stakeholders involved in the project to accumulate knowledge. The elaboration of project proposals has been transferred to the private sector, since the institutional system of SF is lacking the necessary capacities. This may be one of the underlying reasons why the poorest are the least successful in getting into projects. Organisations having insufficient own funds (enterprises, self-governments, civil stakeholders) cannot avail themselves of the services of project proposal writing companies.

The effects of political elections and the impacts of the *hectically changing public administrative system* have to be investigated separately. These have affected the functioning of the entire institutional system, the internal and external relations as well as the communication of regional policy and SF management. For example, in Hungary continual personal and institutional changes at the ministries, in addition to the *unclear division of labour* between them, inhibited the operation of bureaucratic automatism, despite the existence of unchanged institutions, such as NDA (KPMG 2011). The changing intermediate bodies caused problems in communication with the stakeholders and beneficiaries, similarly to the effect of erratic communication caused by the fluctuating staff in the SF management organisations. The latter can also hinder the accumulation of organisational knowledge, even in a centralised system like the Hungarian one. The impacts of the governmental change in 2010 resulted in disrupting sectoral portfolios and the NDA exactly at the time when they should have taken part in strategic planning (preparation for the new programming period, rethinking the rules of spending the money under the circumstances of the financial crisis and in the light of the mid-term evaluation reports).

The *global financial crisis* meant a challenge for all CEE member countries. This was manifest, among others, in central budget restrictions which have postponed setting significant social, territorial and often economic development priorities, have blocked development projects, and reduced the funds owned by local/territorial public administrative units (self-governments). The crisis has placed several potential project participants in a hopeless situation, regardless whether they were actors financed from public or private funds. From the aspect of SF, it is important to note that the exhaustion of national development resources has considerably increased the importance of SF, thus the regulation (in certain cases overregulation) of SF may further hinder the success of allocation. Overregulation excludes several good ideas and potential projects, so that they do not even reach the phase of preparing proposals or they fall out in the first round. The last aspect to be considered is that the financial crisis has raised the risk of accomplishing projects successfully in the case of several beneficiaries.

## Conclusions

The Visegrad countries have often been treated as a uniform block by EU policies, albeit they chose dissimilar paths already in their political-economic transition period despite their common historical roots. The individual countries applied varying degrees of decentralisation, provided different opportunities for FDI and – as analysed in this paper – were differently affected by the Europeanisation pressure.

From among the four examined countries Poland chose a unique path, it has accomplished administrative-institutional reforms including decentralisation as their integral part. On the contrary, Hungary followed another road, that of recentralisation. The Czech Republic and Slovakia took some steps towards decentralisation, but the institutional system established to deal with EU funds did not properly involve the regional/local participants.

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# **A STUDY OF RURAL DEVELOPMENT SUSTAINABILITY IN HARGHITA COUNTY, ROMANIA**

*Andrea Csata*

## **Introduction**

In this paper the impacts of European Union funds on rural areas, more specifically, on Harghita County, Romania will be studied. In Romania there are major differences among the various parts of the country in attracting European Union funds. These differences can be found, on the one hand, in the type of programmes, on the other hand, regionally, at the level of development regions and also at county level. If we take a look only at the Regional Operational Programme, we can see that its operation has not strengthened cohesion so far, especially not in the long-term. Thus, in what follows, the local economic impact of several programmes on Harghita County will be analysed.

The main aspect of analysis will be the allocation of rural development funds, but I shall also compare the allocation of these funds and the operation of the Regional Operational Programme as well as the attraction of agricultural subsidies. The study focuses mainly on the economic impact of these funds and on their role in sustaining the local economy.

## **Rural Areas and European Union Funds**

The development of rural areas cannot be separated from rural activities due to their territorial facilities and rural character. In this way, agricultural subsidies play an important role in sustainable rural development. Sonnino et al. (2008) have highlighted the importance of the sustainable rural development paradigm, as it has the potential for a reconstituted agricultural and multi-functional land-based rural sector.

Marsden's study (2003) is also important, as it emphasises that sustainable rural development is territorially based and thus it redefines nature by re-emphasising food production and agro-ecology, which re-asserts the socio-environmental role of agriculture. Marsden also calls our attention to the fact that agriculture is a major agent in sustaining rural economies and cultures.

Concerning the analysis of the rural development funds' impacts, I would like to mention two major studies that have investigated them.

In the first one, studying the rural development funding of four development regions in the same county, Szócs et al. (2012) concluded that the economic dimension had greater effect, while the environmental one was totally neglected. Since there are no size limits nor needs set for the territories applying for these funds, effectiveness depends on the mayors' personal and administrative capacity, and most of the projects are not really sustainable.

In the second one, applying the method of input–output analysis, Bíró (2012) examined the impact of supports by the Common Agricultural Policy. The results show that the Romanian agriculture forestry and fishing sector has an average impact on the overall economy, namely increasing the agricultural production with 1 RON (Romanian currency) means an input demand increase with 1.8089 and an output rise with 1.7485.

The final increase in agricultural demand by 1 RON leads only to 0.2344 RON income growth in the total economy.

The appreciation of sustainable development is reflected in the Europe 2020 strategy, the principle aim of which is to be a strategy of smart, sustainable and inclusive growth. The next planning and budget cycle in rural development also tries to operationalise these main strategic aims: promoting transfer of innovation, enhancing competitiveness, preserving the ecosystem, emphasising the importance of green energy, strengthening social inclusion and reducing poverty. Innovation, closer co-operation among agriculture, rural activities and research, and the support of young farmers have come into prominence. The ways of co-operation (product sales, improving rural services), the LEADER-approach, urban–rural co-operation, and renewable energy have all become re-evaluated.

## **Research Frameworks**

Our paper analyses the impacts of European Union funds from the perspectives of the economy and of development sustainability. The core analysis deals with the distribution and impacts of rural development funds, but in order to provide a comparative analysis, other two major funding opportunities – the Regional Operational Programme funds and the European Union agricultural subsidies – will also be included.

An attempt will be made to answer the following questions: How efficiently are the above-mentioned EU funds utilised at county level, especially in Harghita County? How are these funds used? What do they mean for the local economy? What do they mean from the perspective of sustainability? How much do they help the

convergence and cohesion of the counties included in general, and in the case of Harghita County in particular.

For the purpose of the research basically the data available on the relevant agencies' official websites were used, but additional data from these agencies were also requested, namely, from The Payments Agency for Rural Development and Fishing (PARDF), the Regional Development Agency and the Agency for Payments and Intervention in Agriculture. The data analysed relate to the funds allocated for the period 2007 – 1st March 2013.

Our research focuses on Harghita County, since it is a good subject for analysis in respect of rural areas, as more than half of the county's population live in rural areas and according to the National Institute of Statistics this rural population tends to increase: (1990: 52.3%, 2010: 56.1%). Population density also shows the characteristics of a rural area: the average for the entire county is 48.9 inhabitants/square kilometre, for the rural areas 32.1 and for the urban areas 149.4.

In 2012 unemployment rate was 5.6% at a national level, 6.4% in the Centre Region, while it was 7.5% in Harghita County. Furthermore, the GDP per capita in 2012 was 4640 EUR in Harghita County, 6018 EUR in the Centre Region, and 6924 EUR at a national level. Harghita County is an area with low income where the annual average take-home pay was 1114 RON in 2012, a sum that is smaller than that in the Centre Region (1333 RON) and the national average (1512 RON). The county can be characterised as a mainly mountainous region with 59.7% agricultural land – out of which 39.6% meadows and 37.1% pastures – and 35.7% woods. Although most of Harghita county's localities are considered to be developed and highly developed, according to a statement issued by the Centre Development Region, only Brasov County precedes Harghita County in development. In Harghita County only 16% of the localities can be considered very poor and poor, and more than half of them are developed.

All in all, we can state that Harghita County is highly developed and has a good infrastructure in spite of its low income rate.

### **Research Results – The Analysis of Rural Development Funds**

When analysing rural development funds, only the funds tendered exclusively by the Rural Development Agency (PARDF) were taken into consideration, since the 211, 212 and 214 actions of the Rural Development Programme belonged to the responsibility of another institution, the Romanian Agency for Payments and Intervention in Agriculture (APIA). The data of the latter will be analysed later, when presenting the direct agricultural payments.

