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THE POSSIBLE FOCAL POINTS OF SMALL REGIONS'S / HARGHITA COUNTY'S DEVELOPMENT IN THE 2014-2020'S EU BUDGET PERIOD

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Summary

It is a known fact that EU funds absorption rate in Romania is very slow. We were curious about the situation of our region – Center Region – and its counties, and we wanted to see what are the main differences between the region's counties. We used information from official statistical sites, websites of local authorities, press releases and we also based on own experience. Analyzing the situation, development plans and SWOT results of the counties, we realized that according to infrastructure differences our county in the near future will not be as good performer like Brasov, Sibiu and Mures, so we further focused on similarities. The most important common characteristic of all these counties is the loyalty for land, for culture, for local products. Almost every settlement has something special (pie, sausages, dairy, manufacture products), and the demand for slow- and healthy food is growing. So we have to fructify this like strength, and offer the tourists something special, a piece of our region, our culture, and our rural life. We also have to pay attention of our recognized potato plantations, and exploit the possibilities for livestock-breeding. The main sectors which still need to be developed are the infrastructure, agriculture, tourism and the competitiveness of the companies. All these with the help of educated human resources. So in the next budget period we have to focus to these sectors and pay attention for not only apply for resources just for attracting funds, but to have sustainable projects that will ensure a sustainable development both for individuals, companies and local authorities.

Key words: EU funds, sustainability, local products, agriculture, tourism

INTRODUCTION

Like the other countries of Eastern Europe, Romania also started the transitional period with small differences between its regions. Once the centralized control of the communism has finished, there appeared a lot of development opportunities. Naturally, the economical development started in the country's capital – Bucharest, and the other major cities which had adequate infrastructure. As a consequence of this fact, the discrepancies between the regions had grown visibly. Romania's accession to the EU enabled a wide range of resources in order to reduce the differences.

Regarding the EU sources absorption level, the Central Region is on the 3rd place, with 16,7% usage, which is higher than the national level (14,72% in November 2011). However, there are significant economic and social differences between its counties, the most advanced being Brasov and Sibiu, and the most vulnerable Harghita and Covasna.

In Harghita County the EU and national funds were exploited as much as possible both by local authorities both by entrepreneurs. After the initial difficulties – the lack of institutional infrastructure and specialists, inadequate technical resources – were fight, we reached grate results and the resources used by local authorities and companies is higher than the national average. Of course, there is still room to attract more resources and constantly develop our region. The 2007-2013's development period served with a lot of lessons not only for Romania, but for all the regions and Harghita County as well. There is a growing demand for natural and local products, healthy lifestyle and bio-energy.

Our research aims to examine the successes and pitfalls of the past, the results of Central Region and its counties, to learn from the other counties and thereby determine the guidelines for 2014-2020 development period, in order to attract even more resources than till now.

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MATERIAL AND METHODS

The research is based on secondary databases (national, regional and county statistics) and local experience. The possible development focuses were defined by using the official documents of local authorities, and on the other side using the releases, information and documents found on the main key actors (organizations and companies) internet sites.

RESULTS AND DISCUSSIONS

Center Region

Table 1 The situation of regions in EU funds absorption

| | Nr of contracts | Total eligible value (billion lei) | Payments (billion lei) | % of eligible value |
|--------------------|-----------------|---------------------------------------|---------------------------|---------------------|
| South-Est | 793 | 7,091 | 1,42 | 20 |
| South-Muntenia | 769 | 7,091 | 1,234 | 17,4 |
| Center | 1010 | 6,626 | 1,111 | 16,7 |
| North-East | 1036 | 8,56 | 1,415 | 16,5 |
| West | 615 | 4,722 | 0,761 | 16,1 |
| South-West Oltenia | 719 | 5,467 | 0,863 | 15,8 |
| North-West | 962 | 7,47 | 0,986 | 12,23 |
| Bucharest-Ilfov | 1908 | 21,977 | 0,780 | 3,55 |

Source: Razvan Diaconu, Topul absorbtiei fondurilor EU: Bucuresti-Ilfov, codasa regiunilor de dezvoltare, on www.cursdeguvernare.ro

In terms of EU funds usage the Center Region is on the 3rd place and it's absorption rate is higher than the national average. The main focus points of the region are the infrastructural developments, environmental projects, companies, tourism, agriculture and rural developments. According to analysts, the main strengths of Center Region are the diversity of nature and the culture, which means high potential for tourism (18,5% of tourists were in our region in 2010); the existence of some very strong poles like Brasov, Targu Mures and Sibiu; high foreign investments rate (Center Region is on the 2nd place after Bucuresti – Ilfov); the main industries are food, textile, wood, constructions and spare parts for autos. The food industry has developed very fast in the last years and it's based mostly on local products. The main weaknesses are: migration and aging of the population; lack of highways; bad roads; economical polarization in the region – the most valuable activities are concentrated in the larger towns and their surroundings; small absorption rate of EU funds (16,7% for our region); unequal placement of tourism infrastructure (the highest concentration being in Brasov County, the lowest in Alba); economical dependence of one sector – agriculture – in the majority of villages; subsistent agriculture; the negative perception about cooperatives; improper forest exploitation.

There are opportunities in attracting EU funds for the modernization of roads and to improve the access to all parts of the region, the existence of well-known universities which can help in research, development and innovation, in many places tourism can be the main sector, agriculture can be profitable, and there are many ecologic resources for renewable energy.

Center Region's counties are (in order of economical development) Brasov, Sibiu, Mures, Alba, Harghita and Covasna. One of the main reasons for Harghita being the last but one is the lack of a proper road infrastructure. The nearest airport (Mures) is by 169 km distance, the one in Cluj Napoca by 243 km, and Bucharest by 262 km. Also the road conditions were very bad till last year. Another reason is that here are only small towns, and the majority of the population lives in rural area. Naturally, any weakness can be turned on strength, so we will have to fructify our values. In the following text we will present some of our county's characteristics.

Harghita County

In Harghita county 73,70% of the total yearly turnover is given by trade and industry. Regarding the number of companies in these two sectors, trade occupies the first, and industry the third place. For a sustainable economic development, the county would need production and processing of produced goods. The manufacturing sector is mainly represented by the food industry (dairy, meat, bred and bakery products, mineral water), textile industry, printing industry, and also wood and furniture industries.

The sector of logging and woodworking is in a relevant decline. The consequences of irrational forestry, the decreasing raw material need of the furniture industry, and the restraint of construction led to the closing of former plants.

The food industry in the dairy and bread segments can't show much innovation. Small and medium-sized factories can properly provide the population with these products. However, there are still problems in the relationship between the dairy farmers and milk processors as collectors. By the farmer's side the quality of the milk doesn't meet every time the requirements, and by the side of buyers there are still problems in paying in time the farmers.

The changes are expected in meat industry: lot of outdated, small-scale slaughterhouses have been closed in the last decade. Here is an opportunity to focus on modernization. Large slaughterhouses and processing plants would not have future, but small-sized, well-equipped local facilities could offer opportunities for producing local products, which are growing in popularity among the customers, as both residents and tourists demand traditional products (there already exists two local product brands like Gobe and Sekler).

A project of the County Council creates opportunity for small slaughterhouses⁵, helping the start-up businesses in this domain. Till now there are a small number of claims, but the Council is optimistic and certain that there will be more candidates from all over the county, as the local farmers – local abattoir – local processor chain would be in benefit of both producers and customers.

The county's economic situation is illustrated in the following table, which serve to show the number of companies and employees, as well as some basic financial indicators.

Table 2 The situation of Harghita county's companies (based on 2010 financial results) A Hargita

| Sector | Companies | | Yearly turnover | | Net profit | | Net loss | | Employees | |
|---------------------------------|-----------|-------|-----------------|-------|-------------|-------|-------------|-------|-----------|-------|
| | nr | % | billion RON | % | billion RON | % | billion RON | % | nr | % |
| Research, innovation, high tech | 199 | 2,28 | 36,6 | 0,52 | 3,7 | 1,44 | 1,4 | 0,61 | 420 | 0,85 |
| Industry | 1.687 | 19,31 | 2.229,8 | 32,84 | 114 | 44,37 | 92,5 | 39,02 | 21.882 | 44,17 |
| Agriculture, forestry | 171 | 1,96 | 64,8 | 0,93 | 2 | 0,81 | 5,5 | 2,35 | 519 | 1,05 |
| Construction | 991 | 11,35 | 650 | 9,28 | 20,4 | 7,95 | 26 | 10,98 | 5.289 | 10,68 |
| Services | 2.240 | 25,64 | 960 | 13,72 | 37,8 | 14,73 | 48,2 | 20,31 | 7.702 | 15,55 |
| Trade | 2.728 | 31,23 | 2.861,4 | 40,86 | 75,3 | 29,32 | 48,6 | 20,52 | 11.388 | 22,99 |
| Tourism | 325 | 3,72 | 59,9 | 0,86 | 2,5 | 0,97 | 7,7 | 3,27 | 994 | 2,01 |
| Restaurants, bars | 394 | 4,51 | 69,2 | 0,99 | 1 | 0,41 | 6,9 | 2,95 | 1.342 | 2,71 |

Source: Harghita County's Chamber of Commerce

The agricultural sector represents a very small proportion of the county's economy, is a sector that has been neglected lots of years, so there could be and must be discussions and actions in this direction. There is the greatest need for European, national and local resources to be involved. In terms of soil quality, there is only class III and IV soils in this region.

Because of the cool climate which characterizes the most regions of the county, only crops that are resistant can be grown. The most common plants are: wheat, rye, winter barley, spring barley and oats. There can be grown also corn, broomcorn, potato, sugar beet, sunflower, flax, peas,

beans, silage corn, fodder beet, alfalfa, clover, carrots, parsley, celery, onions, cabbages, but these mostly serve the self-sustaining needs of farmers. In the gardens near houses local people grow cucumbers, tomatoes and paprika, but their quantity is negligible, since they need a milder climate.

We can find fruits as apples, pears, plums, cherries, walnuts. The significant areas of meadow and pasture are favorable for stock-rising. The most common species: cattle, pigs, sheep, goats, chickens, ducks, geese, horses. Low numbers of colonies and rabbits are held. Tables nr 3 and 4 presents the county's agricultural structure and the proportion of some products in the total national production.

Table 3 Distribution of Harghita County by cultivation areas

| Arable | Pasture | Meadow | Vineyard | Fruit | Forest | Water | Other |
|--------|---------|--------|----------|-------|--------|-------|-------|
| 23,5% | 19,2% | 15,4% | 0,2% | 0,5% | 33,1% | 0,6% | 7,5% |

Source: Anuar Statistic Harghita 2010

Table 4 The role of Harghita county in the Romanian production

| Megnevezés | Részarány (%) | | | | | | |
|----------------------|---------------|------|------|------|------|------|------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Wheat and barley (t) | 0,7 | 0,6 | 0,6 | 0,4 | 0,7 | 0,4 | 0,5 |
| Corn (t) | 0,1 | 0,1 | 0,2 | 0,2 | 0,4 | 0,1 | 0,2 |
| Potato (t) | 5,1 | 5,8 | 4,4 | 4,8 | 7,4 | 5,1 | 4,6 |
| Fruit (t) | 0,5 | 0,3 | 0,3 | 0,4 | 0,4 | 0,4 | 0,4 |
| Cattle (nr) | 2,5 | 2,6 | 2,6 | 2,7 | 2,7 | 2,7 | 3,1 |
| Pig (nr) | 1,1 | 0,9 | 1,1 | 1,0 | 1,0 | 0,8 | 0,8 |
| Milk (hl) | 2,5 | 2,6 | 2,4 | 2,4 | 2,6 | 2,7 | 2,9 |
| Wool (kg) | 1,7 | 1,6 | 1,4 | 1,5 | 1,6 | 1,7 | 1,4 |
| Eggs (tsd pieces) | 0,8 | 0,7 | 0,8 | 1 | 0,8 | 0,8 | 0,9 |

Source: Anuar Statistic Harghita 2010

Another important field is the tourism, as in Harghita County there still is unused potentials. The characteristics of the nature, the fresh air and the local culture make the county attractive for tourists. We can talk about health-, cultural- and religious tourism. Yearly, hundreds of thousands pilgrims are arriving to Sumuleu Ciuc, to the Pentecost Pilgrimage. Other forms of tourism practiced in the county are sport-, rural- and eco-tourism. We have mineral water (both for drinking and bathing), volcanic mofettas and ozone-rich mountain villages. Fructifying this opportunities would be in the favor of the county's economic development.

However the significance of agriculture has been gradually reduced its role in the retention and welfare of the rural population continues to be of primary importance. Therefore is important that the farmers, besides applying for area based subventions, to have the possibility to apply for other resources which can be used for development and modernization.

For individuals a very important project was and still is the Green House program, which sustains the implementation of heating systems based on renewable energy. The Green House program's popularity is evidenced by the fact that in 2011 during one month there were received as many applications as during six month in the previous year – more than 18 thousand. In 2010 the highest number of applications were in Harghita, the request was so high that the initial amount of 1,6 million lei had to be supplemented to 7,7 million lei.

In 2011 the annual budget of the Green House program – 100 million lei – was distributed between counties based on its population, so in Harghita slightly more than 1,5 million lei were received. This value represents approximately 250 requests, since the majority of requests were for purchasing solar panels, which worth 6 thousands lei. Fortunately all the unused founds by other regions were redistributed also in 2011, so the allocations for Harghita were multiplied again. In 2010 there were 1295 requests for solar panels, and in 2011 applied 1529 families.

Regarding institutions, Harghita County's Council already implemented lots of successful applications which helped them to realize major projects in every possible area of regional development. There is a great number of applications which are under implementation, and also

projects that are waiting for approval and are important for us. EU funds were used mostly for infrastructural development, but nor the environmental, institutional and human resource development related projects are not negligible.

If we talk about sustainable development, sustainable economy, we have to mention that the local population is convinced that our region has the natural resources that with an adequate organization can ensure the livelihood of the people living here. On the website of the County Council is an abundance of information about implemented, current and ongoing projects, and also about the proposals which are under evaluation.

Instead of highlight the large investments and major projects, we have chosen to speak about some small, but more eye-catching initiatives, which closely relates also with sustainable development. One of these projects, which is important both for tourism and environment, is the Road of Mineral Water. It is a project that started in 2005 and Harghita County Council and Covasna County Council applied for it together. With the resources from this project, six springs in Harghita and eight springs in Covasna were renewed and also their surroundings were made attractive and tourist pathways were marked. The total amount of the project was 10 million Euros, and in Harghita the beneficiary were Baile Tusnad, Baile Jogodin (Miercurea Ciuc), Borsec, Remetea, Vlahita, Baile Homorod, and Baile Seiche (Odorheiu Secuiesc).

It was an interesting initiative and it have been increasingly popular the “Sekler Product” brand name. This program it also was the idea of Harghita County Council and a strict evaluation scheme was developed for producers of traditional products in order to earn the certification. Food, handicraft products, industrial products, intellectual property can get the mark if they comply with the rules. On local fairs there are regularly present the producers and their products, and since last year this brand was placed in a multinational hypermarket’s Hungarian stores, and since this year, also in Romanian stores of the same hypermarket. When first appeared these products in Hungary, the stocks which were calculated to be enough for three weeks, were finished in three days

The strategic development should be focused on sustainability and the values of rural life. Small regions have to have rural policy objectives, principles, implementation plans which will help farmers to achieve an optimal scale, and where the production structure matches with ecological endowments.

Analyzing the other counties and excluding the infrastructural differences, we focused on similarities. We discovered that agriculture is one of the most sensitive areas, followed by tourism, and still there is place to develop and fructify the opportunities that are given by nature. In every county, health and local products became important and the demand for slow-food concept is growing both by local people and foreign tourists. People are interested to find something different, to try local gastronomy, to see local habits, elements of local culture. Some of these local products are: Alba - onion pies from Petresti, sausage from Vadu Motilor, kefir from Bucurdea Granoasa, walnuts with honey from Blaj, syrup of roses, sausages “La Meseni”; Mures – apple, vinegar and juice from Batos, telemea cheese from Ibanesti; Brasov – burduf cheese from Bran, brad from Crihalma, sausages from Fagaras; Sibiu – bread from Gura Raului, brooms from Fofeldea; Harghita – Gobe and Szekler products.

Proposals

Rural area will be viable only if the people living there will have a vision. This requires an integrated rural development, which narrows the differences between rural and urban areas and ensures the convergence of rural area.

The towns of Harghita County are considered to be small towns. The two largest – Miercurea Ciuc and Odorheiu Secuiesc – hardly reaches the number of inhabitants of 40 thousands, and the other have well under 20 thousands. In our country, the rural people’s tidiness to the land and agricultural activities is very high. With the new Land Law which entered in force in 1991 regarding, there appeared the wired situation that the descendants of those who reclaimed their parents’ former lands, have already lived in cities and are not interested in agriculture. Working in

this domain isn't fashionable for the young generation, but is considered a shame. It is very important to change this concept and educate in the school the youth, starting with first classes, showing them the importance of this sector in the population's need for healthy food.

Harghita is very good in cultivating potatoes, so we should focus on the development of these plantations. A proper irrigation system could help the farmers to fend off the negative impacts of drought and to grow the quantity of production. For that is necessary also to think together, to work together, to cooperate and to establish cooperatives. We have to forget the negative effects of the forced cooperatives. It could be helpful again the education in professional schools and universities, and also more seminars for older farmers.

The current situation doesn't allow for rural areas to rise only according to agricultural developments. The next budget period also should offer alternative solutions for the urban area. The projects that are intended for the development of companies both from EU and local government side, would offer the opportunity for further progress.

The future of the county is considered to be the tourism, however this needs a good infrastructure. There were progresses in this area in the last few years, but it's still not enough to provide adequate services and programs for the tourists through the whole year. The responsible management of the existing natural resources should be part of any strategy of the county's development. We cannot continue with building more pensions, without having a concrete plan. That's not we need. If we only build a pension and then we are waiting for tourists to come, we will not have any success. Unfortunately a very small number of entrepreneurs are offering programs for their guests. So that is on what we have to focus: offering them a piece of local culture, local gastronomy, healthy local products and rural life feeling.

For all of these development plans, the keystone and a driving force have to be the adequately trained human resources. We have to find those financial resources that continue to allow the education and training of specialists, as well as effective institutional developments.

CONCLUSIONS

Regarding EU funds absorptions, the former period was characterized by learning, exploration and the desire to attract as much resources as possible. This resulted some projects that were not always based on real needs – in this case, mostly among the freelancers and small companies there were applications for building new pensions because they considered it fashionable and they thought that tourists will come by itself. Unfortunately in the last years many of these pensions were closed, so that leads to the conclusion that conscious planning needed. In the next period, both individuals and companies have to apply for projects which fit their real needs. Local authorities have to continue to develop the infrastructure, to promote local products, to educate youth about the importance of agriculture and to educate older farmers in order to establish cooperatives, because together they can be stronger and competitive. Regarding companies, there is a need for discussions and collaboration with universities (researches), banks (ways of financing) and finding more local partners. The chain with local farmers – local processors – local distribution lines can be a possibility for sustainable development both for Harghita and other small regions.

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