

## IMPACT OF E.U. FUNDING ON RURAL AND REGIONAL DEVELOPMENT MANAGEMENT

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### Abstract

*EU funds are all financial and operative programs funded by the European Union, either in the Member States (Union Programs and instruments of the Cohesion, Agriculture and Fisheries Policies), or outside of them (pre-accession funds, other country programmes). In order to develop the regions, cities and villages of Croatia, the programme of strategic investment is established by the regional policy which promotes economic and social growth and improves the living standard. It gives support for less developed areas and rural regions as an expression of solidarity. Purpose of this research paper is to identify level of knowledge about EU funds in rural area with survey method. There is a practical example of a survey of the respondents on the impact of EU funds on reducing rural regional inequalities as a result of this paper.*

**Key words:** rural development, management, EU funding

### INTRODUCTION

European funds are European Union funds, donated to various aid programs. EU funds and programs differ from sources of funds and types of grants, which are allocated to users. For most of them all money comes from the EU budget, while the rest comes from national budgets or funds from other organizations, such as the European Investment Bank.

Entrepreneurs, public bodies, and local authority units have European Union programs available, where applicants from one country compete with applicants from all other member states. Projects which are destined to have a positive impact on business and social change could be financed by EU funds.

EU funds are influenced by a number of factors, and they are the main source of EU investment, with the aim of assisting Member States, above all the less developed ones, in increasing their growth, securing jobs and ensuring rural development in line with the Europe 2020 goals. [4]

That EU regional policy and EU regional inequalities are becoming key areas of the EU funding development. In this context, the

paper present an analysis of the economic results in the area of knowledge about EU funding in rural region of eastern continental Croatia.

EU funding terminology

Since 2007, the Republic of Croatia is a beneficiary of the IPA program, which is Croatia's preparation for EU membership. By joining the Union, Croatia has been enabled to use EU Investment and Structural Funds, which have objectives to help Member States increase their growth and ensure more jobs, while ensuring sustainable development in line with EU cohesion policy.[4][8].

In the financial perspective 2014-2020, the term European Structural and Investment Funds (ESI Funds) was introduced, which includes the following funds: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Fund for Maritime Affairs and Fisheries [1].

There is a visible structure of the EU funds, mostly made up of the Cohesion Policy (Regional Policy), for which in the period 2014-2020. EUR 351.8 billion, which is also the EU's main investment instrument. There

are also the European Fund for Regional Development (EFRR), the European Social Fund (ESF), the Cohesion Fund (KF), the European Agricultural Fund for Rural Development (EPFRR) and the European Fund for Maritime Affairs and Fisheries (EFPR). [5].

Regional and rural policy management considerations

To build the economic and social development and to improve the living standard in all the regions, cities and villages of Croatia it is needed a Programme of strategic investment established by regional policy, which is usually named "Cohesion Policy".

As an expression of the solidarity in the EU which sustains the less developed regions, the funding comes from the common EU budget.

In their visibility recent authors argue that the goal of Cohesion Policy is to reduce the main economic, industrial, social and territorial differences that exist in European regions [5] [6].

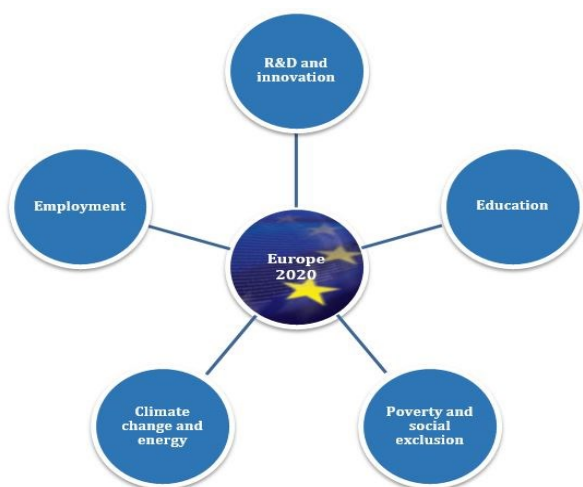


Fig. 1. Europe 2020 targets in rural development

Source: Eurostat portal  
[http://ec.europa.eu/eurostat/statistics-explained/index.php/Europe\\_2020\\_indicators\\_-\\_background](http://ec.europa.eu/eurostat/statistics-explained/index.php/Europe_2020_indicators_-_background)

EU regional policy makes up the bulk of the EU budget for 2014-2020. and is the EU's key investment technique for achieving the goals of the Europe 2020 strategy (smart, viable and inclusive growth).

The financing of the EU's regional policy has aim on four key points: scientific research and innovation, communication technologies and media information, and increased competitiveness of small and medium-sized companies. [5]

Figure 1 shows data to the Europe 2020 targets. Indicators related to environmental objectives and education show progress towards the main goals. On the other hand, there is still a need to invest further efforts in the field of employment, research and development, and the fight against poverty or social exclusion.

Regional and rural development policy and all its activities should be based on the following 5 principles: [4]

(i)The Principle of Concentration - refers to the geographical concentration of the region according to unique criteria, and is defined by the creation of the so-called. NUTS 2 statistical regions,

(ii)The principle of program planning - regional policy resources are planned within the framework of the EU budget, whose revenue and expenditure plan brings in multi-annual financial frameworks, based on which the annual budget is adopted,

(iii)The Principle of Accession - The EU does not fund entirely one project, but requires the participation of national, regional and local sources,

(iv)The Principle of Partnerships – it is a negotiation between the European Commission and the member states about key regional policy programmes, and

(v)Principle of Efficiency - There is a process of monitoring and checking the spending of EU regional funds [7].

One of the characteristics of this policy is its solidarity with other EU countries, as a large part of its investment, aimed at the less economic key regions of the European Union [3].

With these resources, these regions allow them to realize their economic and rural development potential, in accordance with their capabilities, and the opportunities they have. [6]

Rural Development Programme: Case Study of Croatia

The Republic of Croatia's Rural Development Program for the period 2014-2020, worth about EUR 2.4 billion, started to be created in 2012 and was officially submitted for approval on 16 July 2014. The decision on approval is the crown of this long-term process involving local experts, most of whom are employees of the Ministry of Agriculture and Agricultural Payments Agency in agriculture, fisheries and rural development. The program has defined measures aimed at increasing the competitiveness of Croatian agriculture, forestry and processing industry, as well as improving the living and working conditions in rural areas at all. Measures are:

M1-Transfer of knowledge and information activities

M2-Advisory Services, Agrarian Management Services and Assistance to Farms

M3-Quality systems for agricultural products and food

M4-Investments in physical assets

M5-Renewal of agricultural production potential disturbed by elemental disasters and catastrophic events and the introduction of appropriate preventive activities

M6-Development of agricultural holdings and businesses

M7-Basic Services and Rural Reclamation in Rural Areas

M8-Investments in the development of forest areas and improvement of forest sustainability

M9-Establishment of producer groups and organizations

M10-Agriculture, Environment and Climate Change

M11-Ecological breeding

M13-Payments to areas with natural limitations

M16-Collaboration

M17-Risk Management M19 - LEADER (CLLD)

M20-Technical Assistance/Rural Development Network [2]

Eligible investments within the measures of the Republic of Croatia's rural development program for the period 2014-2020 are mostly financed by the European Union through the European Agricultural Fund for Rural Development (EPFRR), while the remainder

is co-financed by the State Budget of the Republic of Croatia [5] [6].

## MATERIALS AND METHODS

The data of the subject that was the object of this research was collected through an online method, which is today the most acceptable and the fastest method to implement. Respondents covered by this survey are young people, students, parents and retirees who have access to online media and live in rural area (Pozega Slavonia County in eastern Croatia). The survey was conducted in the period of September 5, 2017 - September 11, 2017. The sample size was 107 respondents.

## RESULTS AND DISCUSSIONS

In the first question, respondents should choose gender, where, as shown in the graph, most respondents were women 80.4%, while men only made 19.6% of the answers. The next question is how many years have respondents, where result shows that most of the respondents were 94.4% between 18 and 30 years of age, while subjects under the age of 18 and older 30 years were very little, only 2.8%.

The third issue of the survey was whether the respondents of Croatia's EU membership supported, where, as can be seen in Figure 8, most respondents support membership in the amount of 78.3%, while non-supporters account for only 22.6%.

The fourth question was the knowledge of EU and EU funds, where, as shown in Figure 2, there were a variety of responses. The majority of the respondents were poor knowledge in the percentage of 59.8%, sufficient knowledge 20.6%, no 16.8%, and the smallest percentage of excellent knowledge in the amount of 2.8%.

Table 1. Level of EU fund knowledge

Level	Percentage (%)
1.	59.8
2.	20.6
3.	16.8
4.	2.8

Source: Own research.

The next question of the survey is any of the areas of funding, where most of the answers seem to be the answer I do not know (42.9%), while there were still diverse responses from agriculture and the economy (30.3%), regional and rural development (19%) and others (7.6%).

Table 2 . Knowledge about EU funding sectors

Level	Percentage (%)
1.	42.9
2.	30.3
3.	19
4.	7.6

Source: Own research.

The next issue of the survey was that we have too few educated people from the EU area and so on EU funds, and as can be seen in the following graph, the results prove that we have very few educated people in this area where half of the respondents think we have too little educated people for the EU area at 53.8%, 42.5% think that perhaps, and only 3.8% of respondents think they do not.

Table 3 . Segment of EU funding experts

Level	Percentage (%)
1.	53.8
2.	42.5
3.	3.8

Source: Own research

The last question of the survey was about the use of EU funds, where most respondents said that the use of EU funds could improve the current situation in the Republic of Croatia by 72%, while 23.4% of respondents were out of the question and the other answers were 4.5 %.

## CONCLUSIONS

After the research carried out it can be concluded that there is a prospect for progress in today's young society, only a good incentive is needed. Today's young people feel helpless and unwilling to do whatever is going on, primarily because of state management, and the lack of interest of the authorities to invest. The survey was mostly women's approach, while a much smaller number of male

respondents proved that women are somehow more motivated to progress and are more willing to do something to improve the current situation not only in the Republic of Croatia but also in the world.

The devastating result was as far as the knowledge of the respondents about the EU in general as well as on EU funds is concerned, and there are so many places to improve. It is necessary to introduce courses, to encourage not only young people but also older people to education in this area, to overcome such a large gap in ignorance of the EU itself, as evidenced by, for example, the number of funds. Regarding the places where the areas of funding have been written, the answers were fairly divided, but it also proves that the respondents are poorly aware of the funds. Regarding the areas of funding, it is evident that most know where the "castors" could be launched, but just as it was stated before, the knowledge and the will to do something for development of rural area in eastern Croatia.

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