

THE STRUCTURAL FUNDS CONTRIBUTION IN THE COMPETITIVENESS AND URBAN MARKETING OF THE CENTER REGION AND BRASOV COUNTY

A. HERȚANU¹ A. ISPAS²
M. DĂSCĂLESCU³ T. VIERAȘU¹

Abstract: *Nowadays, competitiveness is vital for the survival of an area, a company etc. The development of a tourist destination does not take into account only the competitive advantage, but also the way it is sustained. In the context of joining the European Union, cities can improve their image by attracting European funds. Brasov County is an example of attracting these types of funds in order to enhance its competitiveness.*

Key words: *competitiveness, urban marketing, Brasov, European funds.*

1. Introduction

Brasov County is a key element in Romanian tourism. To respond to the competitiveness requirements of the European Union, the exploitation of the natural and anthropic potential needs to be integrated within the absorption of the structural funds available for Romania with a view to supporting tourism. This article shows how Brasov County exploits these structural funds available for the sustainable development and promotion of tourism.

2. Competitiveness, tourism and structural funds

The connection between urban marketing and competitiveness is quite strong because marketing brings up competition

and also regenerates competitiveness. Competitiveness is a feature of the city's ability to adapt to the ever-changing competitive climax. The competitiveness of a place represents the capacity to maintain the infrastructural, institutional and economic conditions that would stimulate the entailing, the building and the development of companies/firms that produce better quality and/or cheaper services and merchandise than the external competitors. [2]

The increase of economic competition between European cities suggests their strategic flip-over for the development of those activities which may confer competitive advantages in front of other cities in terms of location environment. More than before, the cities may need to

¹ Department of Doctoral School in Marketing, *Transilvania* University of Braşov.

² Department of Economic Sciences and Business Administration, *Transilvania* University of Braşov.

³ Consultant on European Funds, S.C. B2B Solutions S.R.L..

search for their own chances, setting their strong and weak points against those of competitors. Within the competitive contest, they must capitalize the available advantages, whether they are comparative (natural resources; location advantages: ports, border cities, capitals; traditions and abilities: handicraft abilities, foreign language, academic traditions) or competitive (those which can be influenced by national and local policies).[4]

Along with the globalisation of economy and the European integration, the competition intensifies between urban areas. To cope with the situation, these areas are forced to adopt a policy similar to that of private companies.[5]

At the same time, the European integration has highlighted the priority of regional development given that the European Union (EU) has 27 member states which represent a community and an intern market of 493 million citizens, causing social and economic disparities between its countries and their 271 regions. It has been reported that one region out of four records less than 75% GDP (Gross Domestic Product) per resident out of the average 27 member countries of EU.

Therefore, the implementation of the European regional policy will be able to significantly contribute to the areas, the cities and the inhabitants by funding practical projects. Therefore, the areas and the included cities will become capable to play their part in the growth of economy and of competitiveness.

Each European area and city (including Romania) will introduce this regional development policy, improving its competitiveness and finally enforcing an urban marketing that will foster the economic growth at all levels: local, regional, national and European.

The introduction of the regional development policy will be materialized in projects with several sources of funding (European, local and national budgets). Therefore, these projects will become part of urban marketing and management.

The introduction of the regional development policy becomes a particular challenge for regions with tourist potential (natural and anthropic), which can represent a serious source of competitiveness if developed in a proper manner.[4]

What makes a tourist destination competitive is its ability to increase tourism expenditure, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations.[1]

The essential factors of tourist destination competitiveness are the conservation of natural and anthropic resources, the building of a suitable infrastructure for practicing tourism and promoting the city/area.

Brasov county plays a very important role in the tourism sector for Romania, having the highest tourist circulation. On the long term, absorbing the Structural Funds, Brasov county has all the premises to become a very competitive tourist destination at European level.

European funds contribute to the expansion of competitiveness of Brasov as a tourist destination through the Regional Operational Programme 2007–2013 (ROP) Axis 5 – Sustainable development and promotion of tourism, which has the following major domains of intervention:

5.1. Sustainable renovation and expansion of cultural heritage, as well as issuing/ modernizing connective infrastructures;

5.2. The issuing, development and modernization of tourism infrastructure for the exploitation of natural resources and

the increase in the quality of tourist services;

5.3. Promoting the tourism potential and building the necessary infrastructure with a view to increasing Romania's appeal as a tourist destination.

3. Tourism Competitiveness of the Centre Region in the context of EU funds absorption

In order to connect and harmonize the civic priorities with the Romanian ones, the assigned organisms have created a strategic orientation with the purpose of building a prosper, dynamic and competitive Romania with the help of European finances.

The objective of our country until 2015 involves the decrease of social and economic development disparities between Romania and the member states of the European Union by means of generating an auxiliary ascension of 15 – 20% of GDP.

This target is set to be achieved by earmarking the European funds to which we have access as a state member of the European Union. This earmarking is divided on the basis of priority sections which were identified as demanding: developing basic infrastructure at European standards, increasing the competitiveness of the Romanian economy on the long term, the efficient use of Romanian human resources, the binding of an efficient administrative capability and the promotion of territorial balanced development.

The total budget of Structural EU Funds assigned for Romania is of 19.668 billion euros, 12.661 billion representing the structural funds for the 'convergence' objective.

According to the Coordinating Authority of Structural Devices, until the 30th of June 2011, we have the following data on a national level:

- 21,244.4 projects have been submitted;

- 9,049.75 projects have been rejected;
- 5,601.1 projects have been evaluated;
- 5,487.6 projects have been approved;
- 3,895.1 agreements/ financing deals have been concluded.

Up to the 30th of June 2011, 13.17% out of the total structural funds assigned to Romania have been absorbed, meaning a total value of 11,025,968,057 RON as payment to the beneficiaries.

The section of tourism is regarded as an important player when it comes to the development of regions (NUTS II System). As part of the regional development strategy, tourism benefits of 15% financial earmarking from the ROP (almost 4.4 billions of euro) for the sustainable development and promotion of tourism. Therefore, tourism will contribute to the economic growth and the founding of new jobs, in compliance with the community policies forwarded by the European Union, through the New Cohesion Policy Guidelines 2007-2013, the European Policy regarding Transport, Sustainable Urban Development and more.

The analysis of **EU funds absorption for the Centre Region will be developed throughout those three ROP major domains of intervention.**

3.1. The major intervention domain 5.1.

This programme targets the following objectives:

- To increase the importance of tourism and culture, as a factor stimulating economic growth in certain areas, loyal to the principles of sustainable development and environment safety
- To expand the tourist season;
- To increase the number of tourists, by making the most of the local and regional tourist and cultural potential on the national and international market.

Therefore, it is estimated that until 2015:

- 100 heritage renovation/ protection/ conservation projects will be materialized, including the

modernization of connective infrastructure, therefore 100 patrimony objectives will be restored, protected and

- The number of tourists will increase by 5%;
- 200 working spaces will be created/ maintained.

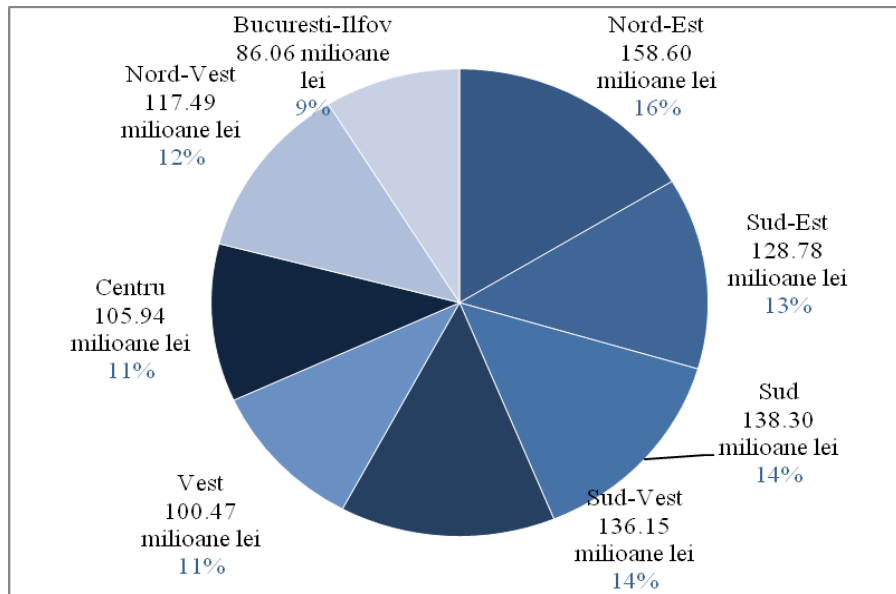


Fig. 1. *The distribution of the European funds in Romania (5.1. major domain of intervention)*

The whole 150.35 million euro programme budget is divided between the 8 regions of development, according to the necessities identified in order to reduce their differences when it comes to cultural patrimony. The Centre Region holds 11% of the total allocated budget, as shown in figure 1. Since the launching of the first project call (the 14th of March 2008) until the 30th of June 2011, a number of 177 projects have been submitted, of which 23.16% have been rejected. Therefore, the most active region is the Centre Region, when it comes to the number of submitted projects – holding 19% of this programme

at national level.

The efficiency of contracting the submitted projects points to a 28.81% of contracted projects out of those submitted. Most of the projects have been contracted in the South-West Region (7 signed contracts/ funding agreements, 43.75% efficiency), followed by the North-East Region (11 signed contracts/ funding agreements, which means an efficiency level of 40.74%). The Centre Region holds the penult place with 5 signed contracts and the last place from the efficiency point of view (15.15%).

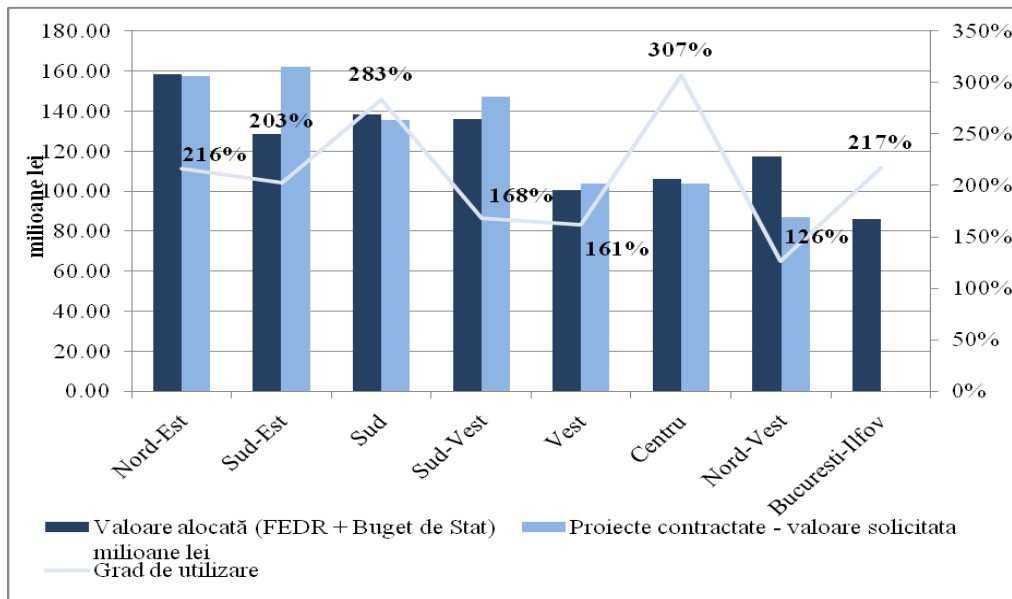


Fig. 2. *The utility of the EU funds and the contracted projects (5.1.major domains of intervention)*

This high level of utility of European funds from the Centre Region shows a more prominent initiative than other regions from the part of the local public authorities, cultural institutions and non-governmental organizations to make the most of the existing cultural heritage (having an utility grade of usage of 307% of total requested funds). On the other hand, at a national level, all the programme's budgets have been over-drafted (values beyond 100% of the utility level point to over-drafted budgets), meaning a pressing necessity to valorise the cultural patrimony in all the areas of the country. At the same time, it also points to a strong state of awareness from the part of the cultural heritage within the tourist activity as a device to increase the appeal of Romania.

3.2. The major intervention domain 5.2.

This program has the following objectives:

- To exploit the natural resources for a tourist purpose;

- To diversify the tourist services;
- To create/expand the recreational structures with the purpose of increasing the number of tourists and the holiday time.

This programme's targets before 2015 consist of:

- realization of 300 tourist/accommodation infrastructure projects;
- supporting directly and indirectly 350 firms from the tourism field;
- increasing the number of tourists by 10%;
- increasing the number of check-ins by 5%;
- creating/ maintaining 800 jobs.

These indexes can be achieved through projects that build, restore and modernize the public utility infrastructure, especially the road network from the tourist climatic and balneal-climatic spas, the natural tourist objectives with public utility, the Belleview pavilions and the access routes to tourist objectives. But also projects that focus on the tourist infrastructure of

public-private utility, such as: developing networks of collecting and/or transportation facilities of mineral springs and salt mines with therapeutic potential, establishing/modernizing treatment facilities from balneal resorts, the building

of swimming pools and tanks for kineto-therapy.

This programme has an allocated budget of 4,568.34 million euro. The regional distribution is shown in the following graph.

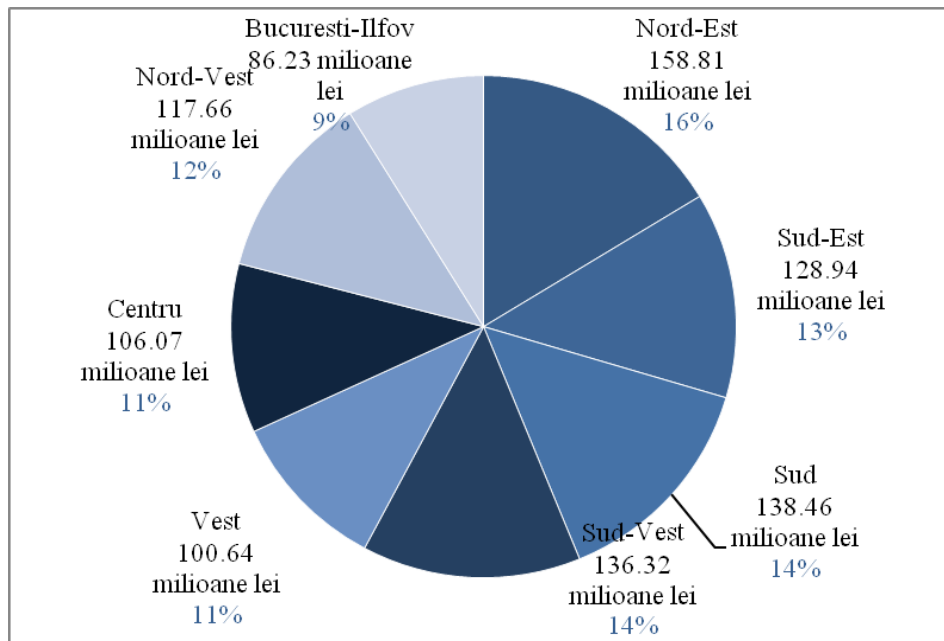


Fig. 3. *The division of the European funds in Romania (5.2. major domain of intervention)*

Since the opening of the call for projects on the 28th April 2008 and until the 30th of June 2011, 243 projects have been submitted, 52.13% of which have been rejected. Most of them have been submitted in the South-East Region (59) and within the Centre Region (58).

The national level of contraction efficiency is of 24.82% (the number of contracted projects related to the number

of submitted projects). The North-East Region is the most efficient concerning contracting projects within this programme, designed for tourist infrastructure, with a contracting coefficient of 46.15%. Out of all the eight Romanian regions, the Centre Region holds the fifth position, with a contracting efficiency of 18.97%, meaning 11 contracted projects

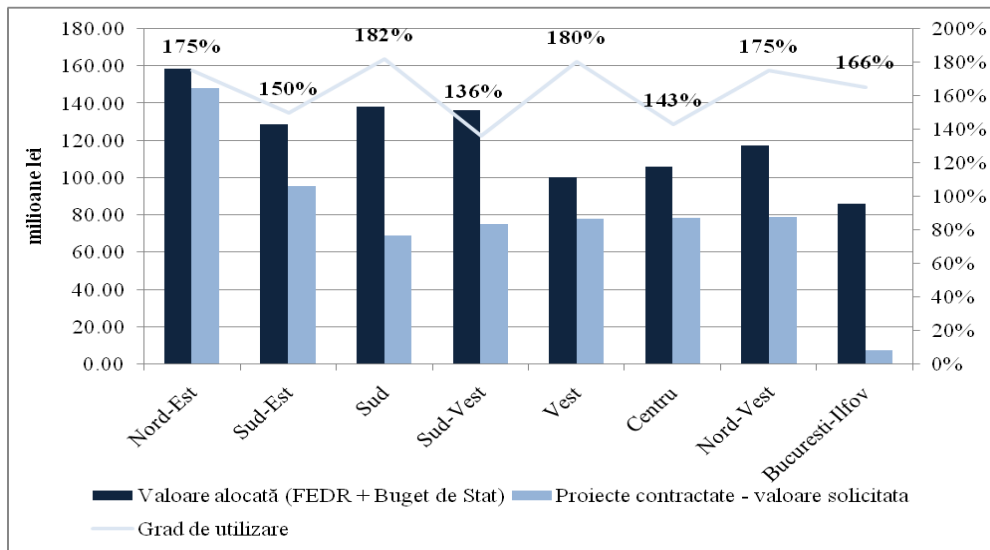


Fig. 4. *The utility of the EU funds and the contracted projects (5.2.major domains of intervention)*

The funds utility level, calculated as a ratio between the requested money of projects in the process of evaluation and the contracted projects reported to the total value available for this program highlights that the major needs identified in terms of the investments proposed in the projects are in the South, West, North-East and North-West Regions, as shown in figure number 4. The Centre Region has a 143% level of utility, among the lowest nationwide. It proves a certain temper towards tourist infrastructure, determined by the existing technical-material basis of tourism in the area and regarded as not so crucial as in other regions. The utility level of more than 100% points clearly to a high demand on this section, unable to be covered by the allocated budget (the levels past 100% of utility degree represent the draining of the available budget).

3.3. The major intervention domain 5.3.

This program has the following objectives:

- The promotion of the Romanian tourist potential by improving the image of the country with a view of promoting Romania abroad and increasing its appeal for tourism and business;
- The issuing of National Centres of Information and Tourist Advertising with a view to increasing the number of tourists;
- The issuing of an integrated and updated system of the Romanian tourist offer.

These objectives can be achieved through these three operations:

- Creating a positive image of Romania as a tourist destination, by defining and promoting the national tourist brand;
- Developing and maintaining the intern tourism by supporting the promotion of tourist products and of specific marketing activities;

- Creating and equipping the National Centres of Information and Tourist Advertising.

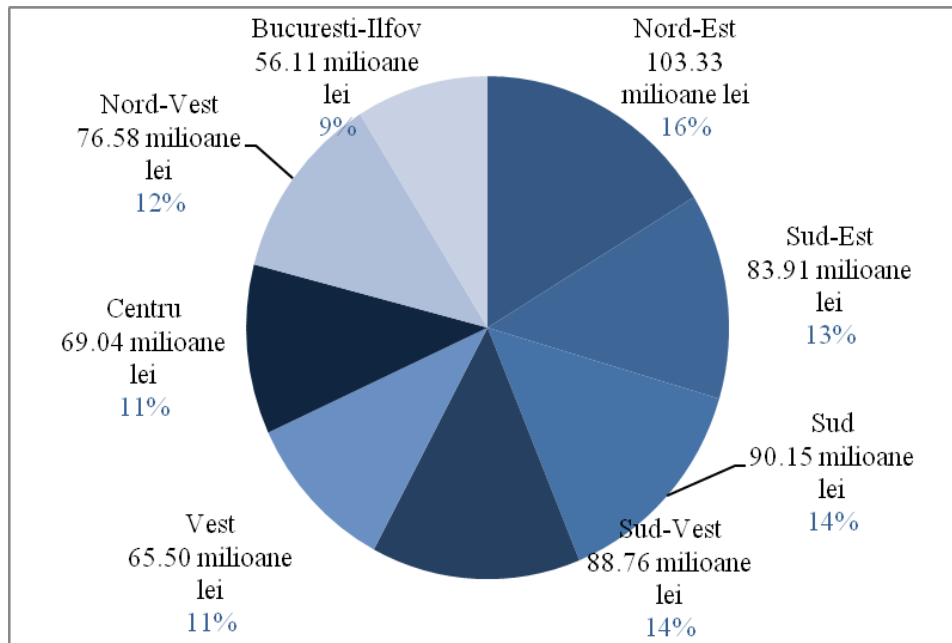


Fig. 5. The division of the European funds in Romania (5.3. major domain of intervention)

This programme's budget is of 150,355,934 euro.

The highest demands regarding the promotion of tourist potential and the development of the necessary infrastructure are found in the North-East Region. That is the reason why the biggest percentage of the available budget had been allocated there (16%). The Centre Region received 11% of the total budget, meaning 69.04 million RON.

According to the calendar of the financing programme, the projects were submitted since the 14th of March 2008

and until the 30th of June 2011, and 619 projects have been submitted, out of which 32.79% have been rejected. Most of the projects were submitted in the Centre Region, 19% of the total, counting 115 projects. The national level of contracting efficiency is of 19.22%. The Centre Region scores the highest level of contraction, 33.04%.

The highest level of utility of available funds had been recorded in the Bucharest-Ilfov Region (106%). The Centre Region also scores a high level of utility, 85%, according to the following figure

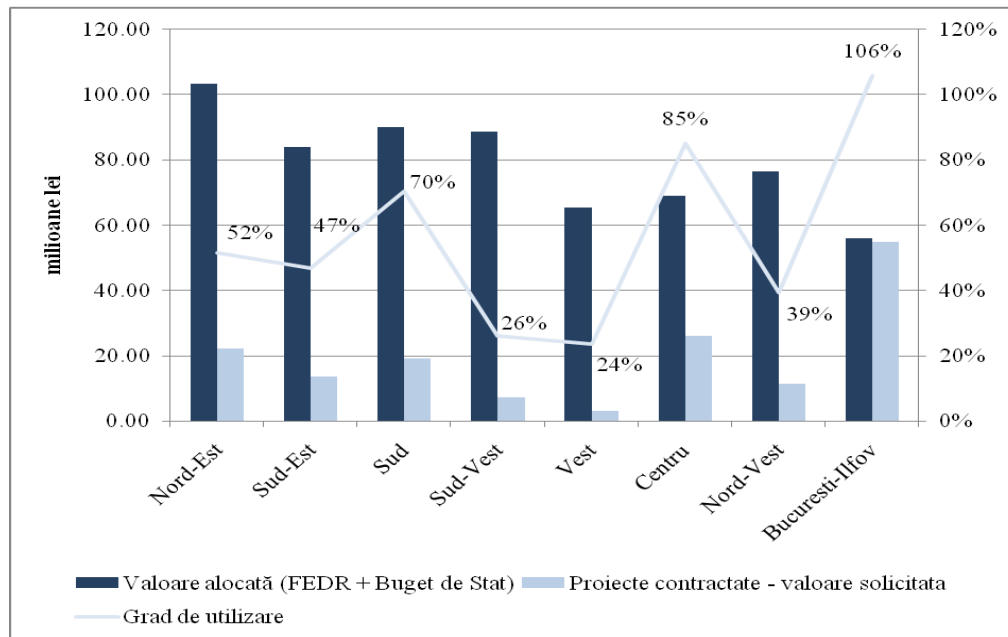


Fig. 6. *The utility of the EU funds and the contracted projects (5.3.major domains of intervention)*

3.4. Exploiting the tourist potential of Brasov county through structural funds absorption – source for competitiveness and urban marketing

The county of Brasov contracted until 31st of May 2011, within ROP Axis 5, projects of a total value of 95.291.945,18 RON, due to the application for a 39.218.656,05 RON irredeemable funding. The projects were started by economic agents, non-governmental organisations and local public authorities, adding up to 27 projects in progress, while the Centre Region has a total of 152 projects.

The implementation of these projects will result in the highlighting of the county's tourist potential, which will contribute to:

- The increase of competitiveness in the Brasov county since the projects are focused on the reinstalling of tourist infrastructure, as it is the case of Rupea fortress (fortress rehabilitation, access

roads and landscape furnishing), which makes the best of the existing cultural patrimony, but also through investments on the technical-material basis (extending and modernizing hotels, developing the recreational infrastructure).

- Improving the urban marketing throughout the county, with projects involving advertising natural and anthropic resources, the undergoing of online marketing activities, promotion through fair attendance and tourism exhibition, direct marketing, mass media advertising, digital and printed materials, hosting promotion events. Those contracted promotion projects initiate a whole diversity of tourist products, beginning from geotourist areas, cities, historical landmarks, including traditions and customs. These projects will create and build up the marketing identity of these tourist products, which will contribute to a

better position of the Brasov county on the national tourist market.

Altogether, these projects will ensure a sustainable urban marketing for the Brasov county as a tourist destination, with the final goal of ensuring the sustainable development of tourism, replying to the NUTS System regional development priority through this economic section.

A particular advantage of these projects lies in their disparity in most of the Brasov county area, which will contribute to the decrease of economic disparities inside the county, in the field of tourism, through its provable multiplying effect in the economy. On the other hand, two directions on which these projects evolve: tourism infrastructure and promotion, will confer Brasov a competitive advantage, on a long term, in comparison with other counties. This will contribute to the regional development and to Romania's competitiveness at European level.

Acknowledgements

This paper is supported by the Sectoral Operation Programme Human Resources Development (SOP HRD), ID76945 financed from the European Social Fund and by the Romanian Government.

References

1. Brent, R., Crouch, I.: *The competitive destination, A sustainable tourism perspective*. United Kingdom: CABI Publishing, 2003, p. 2.
2. Ioniță, I.: *Marketingul urbaşii competitivitatea oraşelor*. In: Ph.D. Thesis, Academia Ştiinţelor Economice din Moldova Chişinău, 2008, p. 9.
3. Manente, M.: *Key challenges for city tourism competitiveness*. WTO Forum, New paradigms for city tourism management, Istanbul. Turkey, 2005.
4. Racoviceanu, S.: *Dezvoltarea urbană în competitive, management şi guvernare urbană*, Editura UNDP Moldova, Chişinău. 2004, pp. 60-65.
5. Racoviceanu, S.: *Managementul urban şi competitivitatea oraşelor, management şi guvernare urbană*. Editura UNDP Moldova, Chişinău. 2004, p. 77.
6. *Autoritatea pentru Coordonarea Instrumentelor Structurale*: www.fonduri-ue.ro
7. *Comisia Europeană (Politica regională – Inforegio)*: [ec.europa.eu http://ec.europa.eu/regional_policy/policy/why/index_ro.htm](http://ec.europa.eu/regional_policy/policy/why/index_ro.htm)
8. *Programul Operational Regional*: www.inforegio.ro