



FRIDGE

Development of food industry SME competitiveness for better potentials in growth

Report on self-assessment of the regional policies

Harghita County Council

March 2020

1. Regional Policies and SMEs of food and drink sector in Harghita County, Romania

This study is based on two pillars:

A. **Main financial instruments – policies** that support SMEs of food and drink sector and especially those that promote competitiveness and exports.

B. **Key actors of the support system** whose position and interactions are critical for the subject of the project (competitiveness and exports of regional food and drink companies).

1.1. Main Financial Instruments supporting Entrepreneurship in food sector in Harghita County

Entrepreneurship in Harghita County is financially supported by:

- European Funds:
 - Regional Operational Programme 2014–2020;
 - Common Agricultural Policy (CAP);
 - Regional Development Programme 2014–2020;
- National Funds:
 - Romania`s National Program for Rural Development for 2014–2020;
- Local level:
 - Harghita county`s development strategies;
 - Local Action Groups;
 - Small producers cooperatives;
 - SME`s incubator house;
 - Szekler Brand Trademark Movement,
 - Harghita County Council`s Rural Development Association.

Some of the listed initiatives on local level are not necessarily financial instruments, but they play highly important roles in supporting local SME`s development.

1.1.1. Regional Operational Programme (ROP) 2014–2020

The 2014-2020 Regional Operational Program (ROP) succeeds the Regional Operational Program 2007-2013 and is one of the programs by which Romania is able to access European structural and investment funds from the European Regional Development Fund (ERDF) in the current programming period.

The Regional Operational Programme (ROP) 2014-2020 is managed by the ROP Managing Authority within the Ministry of Regional Development and Public Administration of Romania and was adopted by the European Commission (EC) on 23 June 2015.

The strategic development vision which needs to be addressed to the ROP 2014-2020 is based on the analysis of economic and social situation of the Romanian regions (National Strategy for Regional Development 2014-2020), which led to the identification of the main problems in several areas. Within these, regarding the SMEs sector, the following aspects have been identified:

SMEs sector is insufficiently developed, with a negative impact on the competitiveness of regional economies. Although progress has been made, Romania has serious competitiveness gaps compared to the EU countries, in all aspects of competitiveness, reflected in low productivity, which defines competitiveness issue.

Economic competitiveness is based on determinants both on macro level - components of institutions, public finance, infrastructure, etc., as well as on micro level - business environment, dynamic of SMEs, entrepreneurship, innovation activity, clustering, and development of business networks. Increasing competitiveness of SMEs is a key element to addressing the EU 2020 targets, given that 99% of EU enterprises are SMEs.

In Romania, the SME sector is the basic structure of the economy, representing 99.64% of the enterprises. Although SMEs have the role of main engine of economic growth, the sector faces a number of problems that generate a direct impact on the country's economic competitiveness.

The main weaknesses of the SME sector are:

- Low level of entrepreneurial culture, reflected by relatively low density of business in all regions, problems identified in PA, CNS SGIMM. In Romania (2011) there were 21 SMEs / 1000 inhabitants, value less than 50% of the EU average
- Based on NAS and SGIMM, the issue of SMEs is influenced by the resilience of new businesses also. Two thirds of new businesses go out of business in the first year of life. The development of SMEs to shift from one size category to another is limited by several obstacles, such as their access to resources (land, labour, and capital), reduced access to finance, efficiency of production, degree of innovation, and effective links to own markets.
- The sectorial structure of activity, according to AP, there are a reduced number of powerful economic sectors. Thus, SNC identifies competitive sectors that have shown recent growth and export performance. According to AP, investments through ESIS dedicated to sustainable growth of national competitiveness in 2014-2020 will be prioritized both in the CNS and on the RDP, which can identify regional / local, other competitive sectors.
- Decrease in the period 2008-2010, about 20% of the number of SMEs that export, particularly in the EU and the low percentage of SMEs that export compared to the level in the EU, especially outside the EU.

Although SMEs have received support through the structures of business incubation, this was insufficient. However nationwide there are many such structures, in 2012 were accredited and monitored just 10 business incubators, of which only 7 functional, supporting 149 SMEs with 327 jobs/work places. According to studies in this field, SMEs which were supported by the incubators should be much less prone to the risk of failure in their early years after their establishment due to the wide variety of services these structures should ensure. The SME sector can be characterized by relatively weak orientation towards productive activities, limited access to capital, technology and infrastructure, aspects which affects negatively the economic productivity.

The programme addresses five national growth challenges identified in the Partnership Agreement:

- Competitiveness and local development
- Population and social aspects
- Infrastructure
- Resources
- Administration and governance.

The ROP 2014-2020 aims to increase the overall economic competitiveness and improve the living conditions at local and regional level, supporting the development of the business environment, infrastructure and services for the sustainable development of the regions so that they can efficiently manage their resources and capitalize on their potential for innovation and assimilation of technological progress.

According to the above mentioned objectives there are 11 priority axis with a total budget of 8,25 billion Euros: **Regional Development Fund (ERDF): 6,860,000,000.00 €** + 1,5 billion national contribution.

Funding priorities

The programme focuses on the following funding priorities:

- Supporting transfer of technology and innovation take up by SMEs in areas for smart specialisation.
- Enhancing SMEs' competitiveness focusing on Romania's high-growth economic sectors.
- Promoting the low-carbon economy through investments in energy efficiency in buildings, public lighting and sustainable integrated urban mobility.
- Supporting sustainable integrated urban development and regeneration of deprived urban areas.
- Developing cultural heritage and tourism as drivers for local economic development.
- Improving regional connectivity.
- Investing in health, social, and education and training infrastructure in support of national reforms.
- Extending the registration of land tenure.

Expected impacts

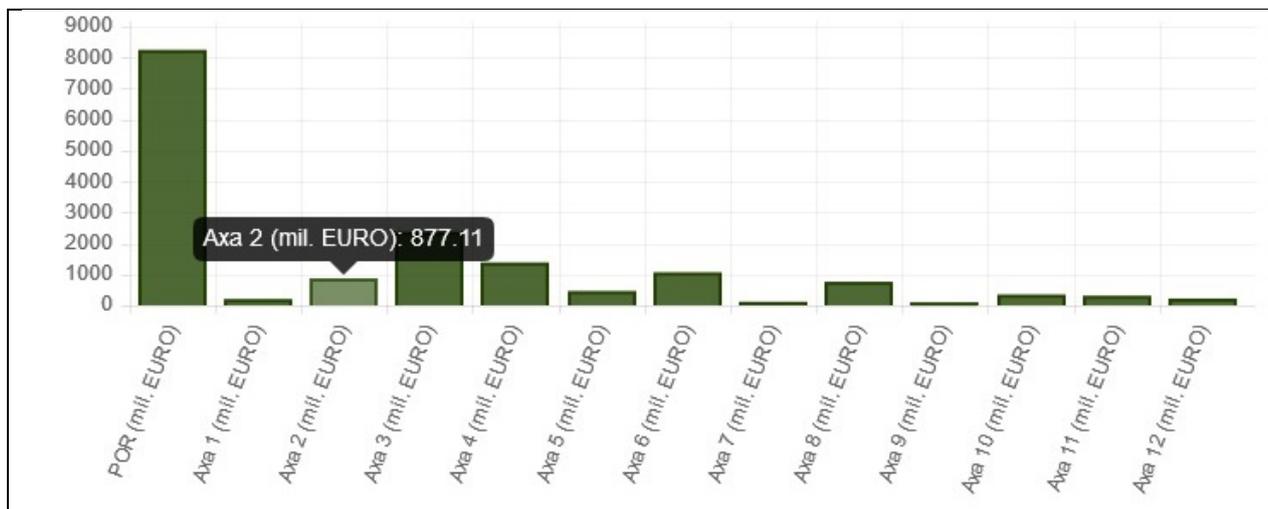
- An increased share of innovative SMEs collaborating with others (+ 3.7%)
- Support to more than 5,000 SMEs leading to a 46% increase in labour productivity in less developed regions
- Increase in the survival rate of SMEs by 10%
- Reduction of energy consumption by 37% in public buildings, 51% in residential buildings, and 33% for public lighting
- Improving urban public transport attracting 140 million additional passengers per year in less developed regions
- The rehabilitation and modernisation of more than 2,000 km of roads improving regional connectivity to the TEN-T network
- Creating 224,000 sqm. of additional green spaces in cities

- Renovating 45 additional cultural heritage sites
- 500,000 people benefitting from better community and primary health care services in less developed regions while decreasing avoidable emergency admissions in hospitals
- Increasing the enrolment in crèches, pre-primary education, primary and secondary and vocational education and training
- Increase in the share of the population aged between 30 to 34 with tertiary level education from 20.4% to 28.2%
- Number of administrative units with all properties included in the land register increases from 0.24% to 28%

Allocations from ROP nationwide:

Priority Axis 2 - Enhancing the competitiveness of small and medium sized enterprises

The allocated amount - EUR 877.11 million ERDF



The allocation status of ROP 2014-2020

Source: <https://www.fonduri-ue.ro/por-2014>, <https://mdrap.ro/dezvoltare-regionala/-4970/-7166>

The OP. IP 2.2. contributes to the fulfilment of the goal of Harghita County to build an overall economic system aligned with local development needs.

1.1.2. Common Agricultural Policy (CAP) 2014-2020

The common agricultural policy (CAP) supports the vibrancy and economic viability of rural communities through rural development measures (the so-called second pillar).

The rural development measures reinforce the market measures and income supports of the CAP with strategies and funding to strengthen the EU's agri-food and forestry sectors, environmental sustainability, and the wellbeing of rural areas in general.

The three long-term rural development objectives for the 2014-2020 periods include:

- Fostering the competitiveness of agriculture;
- Ensuring the sustainable management of natural resources, and climate action;
- Achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.

Through its funding instrument, the European agricultural fund for rural development (EAFRD), CAP supports rural development strategies and projects with a budget of around €100 billion.

Within CAP the budget is distributed according to six priorities:

- Fostering knowledge transfer and innovation in agriculture, forestry and rural areas;
- Enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management;
- Promoting food chain organisation, animal welfare and risk management in agriculture;
- Promoting resource efficiency and supporting the shift toward a low-carbon and climate resilient economy in the agriculture, food and forestry sectors;
- Restoring, preserving and enhancing ecosystems related to agriculture and forestry;
- Promoting social inclusion, poverty reduction and economic development in rural areas.

In order to address these priorities, EU countries are implementing rural development programmes (RDPs) tailored to fit their own unique challenges and capabilities.

1.1.3. Rural Development Programme (RDP) 2014-2020

The Rural Development Programme (RDP) for Romania was formally adopted by the European Commission on 26 May 2015, outlining Romania's priorities for using nearly € 9.5 billion of public budget that is available for the 7-year period 2014-2020 (€ 8.1 billion from the EU budget, including € 112.3 million transferred from the CAP direct payments, and € 1.34 billion of national co-funding).

In order to address all the national challenges Romania's RDP funds action under all six Rural Development priorities with a particular emphasis on **3 priority areas**:

- Promoting competitiveness and restructuring in Romania's large agricultural sector;
- Environmental protection & climate change;
- Stimulating economic development, job creation and a better quality of life in Romanian villages, where the situation is frequently well below both EU and average national levels.

Under the first of these priorities, '**Competitiveness of the agricultural sector and sustainable forestry**', the RDP helps modernise nearly 3 400 farms and cooperatives, support the development of more than 30 000 small farms, and help more than 9 400 young farmers to start up.

Under the priority '**Restoring, preserving and enhancing ecosystems related to agriculture and forestry**', more than 1.3 million ha (over 10%) of agricultural land and more than 800 000 ha (12%) of forests will benefit from payments to support biodiversity and promote environmentally-

friendly land management practices. A further 4.7 million ha will receive support in order to prevent land abandonment and soil erosion. Skills in the agricultural sector will be reinforced by some 184 000 training places, under the above two priorities.

Under the priority '**Social inclusion and local development in rural areas**', almost 27 000 jobs will be created in rural areas and the setting up and development of 3 000 non-agricultural businesses will be supported. Nearly 27% of the rural population should benefit from investments to improve rural infrastructure.

Romania has also chosen to implement a separate thematic sub-programme (with indicative financial allocation of € 320 million EAFRD funds) aimed to increase the competitiveness and enable restructuring of the fruit growing sector, a sector where Romania has climatic advantages and traditional strengths, but which has suffered from under-investment. Support is given for the setting-up of new orchards, reconversion of the old ones, fruit processing, cooperation projects, and the setting-up of producer groups within the sector.

The four biggest RDP measures in budgetary terms (total public funding) are:

- € 2.5 billion allocated to Measure 4 (Investments in physical assets)
- € 1.3 billion allocated to Measure 13 (Payments to areas facing natural or other specific constraints)
- € 1.3 billion allocated to Measure 7 (Basic services and village renewal in rural areas)
- € 990 million allocated to Measure 6 (Farm and business development)

Support for Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multiannual, co-funded programmes. In total, 118 programmes were foreseen in all 28 Member States. The RD Regulation for the 2014-2020 periods addressed six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. It put also emphasis on networking activities at EU and national level. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

1.1.4. Romania`s National Programme for Rural Development 2014-2020

Romania`s National Program for Rural Development (*Programul Național de Dezvoltare Rurală*) is a financial support program that grants non-refundable funds from the EU and the Government of Romania for rural the economic and social development of the rural areas.

The program establishes the financing lines for achieving Romania's priority objectives and is funded through the European Agricultural Fund for Rural Development. This financial instrument

is created by the EU to support member states in the implementation of the Common Agricultural Policy (CAP).

RNPRD responds to 3 of the development challenges set out in the Partnership Agreement:

- Competitiveness and local development
- People and society
- Resources

RNPRD, funded by the European Agricultural Fund for Rural Development supports the strategic development of the rural area through the strategic approach of the following objectives:

- Restructuring and increasing the viability of agricultural holdings.
- Sustainable management of natural resources and combating climate change.
- Diversification of economic activities, job creation, improvement of infrastructure and services for improving the quality of life in rural areas.

The main rural development priorities for the 2014-2020 programming period are:

- Modernization and increase the viability of agricultural holdings by consolidating them, opening up the market and processing agricultural products;
- Encourage the rejuvenation of generations of farmers by supporting the installation of young farmers;
- Development of basic rural infrastructure as a precondition for attracting investments in rural areas and creating new jobs and implicitly in the development of rural space;
- Encourage the diversification of the rural economy by promoting the creation and development of SMEs in the non-agricultural sectors of the rural area;
- Promoting the fruit sector, as a sector with specific needs, through a dedicated subprogram;
- Encourage local development in community responsibility through the LEADER approach. LEADER's cross-cutting competence enhances competitiveness, quality of life and diversification of the rural economy, as well as combating poverty and social exclusion.

The stage of the implementation of the RNPRD 2020 measured between March 2015 and April 2019:

- 57,511 investment projects applied, with a value of approximately 8.94 billion euros;
- 34,723 selected investment projects worth over 4.61 billion euros;
- 51,154 investment projects contracted worth 4.49 billion euros - of which, 20,298 projects transited worth 427.47 million euros;
- 4.4 billion euro payments made to RNPRD beneficiaries;
- 2.88 billion euro payments approved by the European Commission - including 325 million euro pre-financing.

- The absorption rate of the European funds allocated to Romania through the European Agricultural Fund for Rural Development is 50%.

1.1.5. Supporting instruments/policies of food and drink SME`s on local level

Harghita County Council`s development strategies

Haghita County`s Agricultural and Rural Development Strategy for the 2010-2020 period

One of the main objectives of the strategy targets healthy food production and organic farming support.

It has five axis from which the below mentioned are highly important regarding the development of local food SMEs:

- Development and marketing of local products (Szekler Product Trademark Movement, market building, product development, promotion, sales channels, and marketing)
- Integrating nature and society (protected areas, biodiversity, traditional activities, local products, organic farming)

„A Secure Future” - Economic Development Program

Sectoral priorities:

- Supporting quality food production by ensuring the whole process
- We still have the natural landscape and traditional forms of farming close to the nature – the hay meadows with high biodiversity which offers the opportunity for the quality food production
- Supporting the establishment of regional processing plants
- Supporting production cooperatives, farming organisations

Local Action Groups (LAG`s) in Harghita county

Local Action Groups are the implementers of the LEADER, a local development method, which has been used for 20 years to engage local actors in the design and delivery of strategies, decision-making and resource allocation for the development of their rural areas. Local Action Groups are bringing together public, private and civil-society stakeholders in a particular area. In the rural development context, LEADER is implemented under the national and regional Rural Development Programmes of each EU Member State, co-financed from the European Agricultural Fund For Rural Development.

In Harghita county we have 4 LEADER local action groups (LAGs) with local strategies and founding small and medium sized enterprises (SMEs):

- Local Action Group “*Sóvidék-Hegyalja*”;
- Local Action Group “*Csík*” LEADER;
- Local Action Group G10;

- Local Action Group “Homoród-Küküllő”.

Cooperatives in Harghita county

In the past years, in Harghita county were established 11 agricultural cooperatives, according to the Law 566/2005.

The currently functioning cooperatives are as followed:

Agricultural Cooperative “Nagy-Küküllő Mezőgazdasági Szövetkezet” from Cristuru Secuiesc – *Milk procession:*

The butter factory from Cristuru Secuiesc was built in 1937, within the program of the Ant Cooperative from Szeklerland. Until the nationalization from 1948 it has functioned in this form. During the Socialist period the production capacity of the factory was developed and until the regime change 40.000 litre milk was processed. In spite of the significant regional potential, as a result of the privatization and change of owners, the productivity of the factory was gradually reduced creating difficult situation for the local milk producers. The Agricultural Cooperative “Nagy-Küküllő Mezőgazdasági Szövetkezet”, which brings together beef farmers, advocacy associations and clusters, was established in 2011 in order to support local milk producers from the region. It took two years for the cooperative to gain ownership over the butter factory and establish 50 new jobs. After purchasing the factory, the cooperative implemented a half million euros investment for the acquisition of tools needed for processing and transportation of milk. The factory has a producing capacity of 35.000 litre, according to calculations in order to achieve the profit threshold is enough a capacity of 10.000 litre, which has been implemented by now because the factory processes 10.000-18.000 litre milk. Currently, the cooperative brings together 500 local milk producers from the region; it defines the product prices and offers safety and foreseeability to the local producers.

The Agricultural Cooperative Burgocomciuc – *Potato production and processing:*

Agricultural Cooperative “Burgocomciuc” form Cozmeni was founded in 2010, with 58 founding members. The objectives of the cooperative includes: developing market strategy to assure balance between supply-demand, developing common production and marketing rules, developing the modality of packaging, transportation and sale of the members products.

Agricultural Cooperative “Csengő” form Frumoasa – *Collection, processing and sale of milk:*

The Agricultural Cooperative “Csengő” form Frumoasa was founded in March 2011, from the cooperation of beef farmers associations and clusters of Frumoasa, Mihăileni and Bârzava. The number of founding members was 72, currently this number has increased to 141. The main objectives of the cooperative includes: collection, processing and sale of milk produced by local

farmers. The beef farmers produce the milk; transport it to the cooperative where the processing and sale process is taking place. During 2012 the cooperative has developed their facilities by purchasing cooling tank, measuring instrument and cleaning machines. On 2nd of April 2015 the milk processing factory was opened which is operated by the Agricultural Cooperative “Csengő”, where the production line enables the production of a wide variety of cheese. Currently 3800 litre milk is processed daily; the cheese produced in the factory is sold mainly in the community.

Agricultural Cooperative “Tatros” from Lunca de Jos - :

The Agricultural Cooperative Tatros from Lunca de Jos was founded in 2011, with 80 founding members, which for now has increased to 110 members. Within the initiative the members purchased the old milk processing building. After the building renovation, which was realised through different projects, they operate a milk processing unit in order to create jobs in the community and assure market for milk sale. In 2016 the development of the factory was finished in large. In May 2018 was started the production, nowadays the factory has a 2000 litre milk processing daily. The factory`s capacity is 5000 litre/hour.

Harghita Business Center - SME`s incubator house in Harghita county:

Harghita Business Center was established in June 2017, and it works as a community space for young entrepreneurs. The incubator house is home to 40 start-ups but often provides space for programs and events organized by partners.

It`s primary objective is to help and support SME`s in order to operate more successfully, to help the local early-stage entrepreneurs to transform their dreams into innovative businesses that make global prosperity a reality.

The business incubator provides a mixture of services to the resident companies, such as administrative services, business advisory services, coaching, counselling, technical services, mentoring, training, fund raising, and networking opportunities among clients, even links to the international business community. Other services, loan and venture capital funds, lobbying for special services are sometimes developed to help clients overcome specific problems in the given business environment.

Szekler Brand Trademark Movement

The Szekler Product community trademark was developed for representing and protecting the interests of local producers for their future well-being and the benefit of consuming local and healthy food. The main priority is to support people living in rural territories, local producers and preservation of rural tourism. More than 150 producers with more than 1000 products have the right to use the trademark in present.

In order to support the local producers in the process of selling products online, the website www.szekelytermek.ro was developed. By selling the Szekler product trademark and delivering the products to domestic and foreign chain stores, we make possible for European consumers to buy all these quality products. Combined with tourism, Szekler products are popular in domestic and foreign trade fairs, and we create new local product processing plants in Szeklerland.

Harghita County Council's Rural Development Association (HCCRDA)

Harghita County Council's Rural Development Association was founded in October 2010, with 9 founding members, which number has been increased to 47 by 2020.

The aims of the association include:

- strengthening rural communities
- implementation of sustainable development
- improving living standards of rural people

Within a large scale of activities the main activity of the association consists in supporting different rural associations as follows:

- **Local associations with cattle-, sheep-, goat- breeding activities**
- **Local associations with fruit and vegetable growing and processing activities**
- Hunting associations and equestrian associations
- Other professional associations

The financial support associations is consisted of 49% of the total cost to the 51% own contribution.

Local associations with cattle-, sheep-, and goat breeding activities got financial support for the development of milk collecting centres' facilities from rural communities, which enabled the purchase of cooling tanks, milk monitoring equipment, generators, computers and programs. The milk collecting centres provides the opportunity of milk sale to local breeders. From 2011 the different associations managed to purchase 58 cooling tanks, 30 milk monitoring equipment, 3 generators, 10 computers to 29 rural communities. The total amount of support provided by the HCCRDA is more than 500.000 RON.

HCCRDA provided non-refundable financial support for the establishment of 11 community kitchens and the development of their facilities supporting these way local farmers in producing healthy and quality foods. These community kitchens are located in: Ciumani, Joseni, Lăzarea, Cârța, Dănești, Siculeni, Văcărești, Sânmartin, Chinușu, Dealu, Odorheiu Secuiesc, where seasonal fruits and vegetables and home gardening fruits and vegetables are processed, producing jam, syrups and pickles. These products are mainly sold by the local farmers within different fairs. The association also provided financial support to the cabbage producers from Frumoasa and Ciceu. The total amount of support provided by the HCCRDA to these activities is more than 60.000 RON.

1.2. Matrix of Financial Instruments supporting food and drink businesses

Matrix of Financial Instruments supporting food and drink businesses in Harghita county including a utilization rate estimation until 2020.

Financial Instrument	Objective	Priority sectors	Fields/Territorial context	Structural Funds	Utilization rate estimation by food and drink businesses in Harghita county
Regional Operational Programme 2014 – 2020 (regarding SMEs support)	Enhancing the competitiveness of small and medium sized enterprises	<p>Supporting transfer of technology and innovation take up by SMEs in areas for smart specialisation.</p> <p>Enhancing SMEs' competitiveness focusing on Romania's high-growth economic sectors.</p> <p>Promoting the low-carbon economy through investments in energy efficiency in buildings, public lighting and sustainable multimodal urban mobility.</p> <p>Supporting sustainable integrated urban development and regeneration of deprived urban areas.</p> <p>Developing cultural heritage and tourism as drivers for local economic development.</p>	SME's	ERDF +national contribution	High

		<p>Improving regional connectivity.</p> <p>Investing in health, social, and education and training infrastructure in support of national reforms.</p> <p>Extending the registration of land tenure.</p>			
<p>Rural Development Programme (RDP) 2014 – 2020</p>	<p>Competitiveness of the agricultural sector and sustainable forestry</p> <p>Restoring, preserving and enhancing ecosystems related to agriculture and forestry</p> <p>Social inclusion and local development in rural areas</p>	<p>Fostering knowledge transfer and innovation in agriculture, forestry and rural areas;</p> <p>Enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management;</p> <p>Promoting food chain organisation, animal welfare and risk management in agriculture;</p> <p>Promoting resource efficiency and supporting the shift toward a low-carbon and climate resilient economy in the agriculture, food and forestry sectors;</p> <p>Restoring, preserving and enhancing ecosystems related to agriculture and forestry;</p>	<p>Small farms</p> <p>Cooperatives</p> <p>Non-agricultural businesses</p> <p>Rural/local development</p> <p>Competitiveness</p> <p>Sustainability</p> <p>Food Chain</p> <p>Environment</p> <p>Natural Resources</p> <p>Social inclusion</p>	<p>EAFRD</p>	<p>High</p>

		Promoting social inclusion, poverty reduction and economic development in rural areas.			
Romania's National Program for Rural Development 2014-2020	Restructuring and increasing the viability of agricultural holdings. Sustainable management of natural resources and combating climate change. Diversification of economic activities, job creation, improvement of infrastructure and services for improving the quality of life in rural areas.	Modernization and increase the viability of agricultural holdings by consolidating them, opening up the market and processing agricultural products; Encourage the rejuvenation of generations of farmers by supporting the installation of young farmers; Development of basic rural infrastructure as a precondition for attracting investments in rural areas and creating new jobs and implicitly in the development of rural space; Encourage the diversification of the rural economy by promoting the creation and development of SMEs in the non-agricultural sectors of the rural area; Promotion of the fruit sector, as a sector with specific needs, through a dedicated subprogram;	Agricultural holdings Farmers Rural infrastructure Fruit sector Local development Competitiveness Diversification	EAFRD	High

		Encourage local development in community responsibility through the LEADER approach. LEADER's cross-cutting competence enhances competitiveness, quality of life and diversification of the rural economy, as well as combating poverty and social exclusion.			
Local Action Groups	Engaging local actors in the design and delivery of strategies, decision-making and resource allocation for the development of their rural areas.	Rural development Empowering local communities	Rural communities	EAFRD	High
Small producers cooperative	Helping the sale of local products	Supporting local producers Improvement of competitiveness of local producers	Local producers	-	High
SME incubator house	Providing guidance for start-up business	Supporting start-up businesses	Potential local businesses	-	High
Szekler Brand Trademark Movement	Representing and protecting the interests of local producers for their future well-being and the benefit of consuming local and healthy food.	Support people living in rural territories, local producers and preservation of rural tourism.	Local producers	-	High

Harghita County Council's Rural Development Association	Financial support for local associations	Strengthening rural communities Implementation of sustainable development Improving living standards of rural people	Local associations with cattle-, sheep-, goat- breeding activities Local associations with fruit and vegetable growing and processing activities	-	High
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1.3. Identification of key actors

The identification of the key actors, their position and interactions in the support system is critical for the self-assessment of regional policies. The criteria for the selection of the key actors was the relevancy to the subject of the project (i.e. they aim to support competitiveness, exports etc.).

The identified key actors are:

- Managing Authority of ROP 2014–2020
- Managing Authority of RNPRD 2014–2020
- Harghita County Council
- Development Agency of Harghita County
- Local Action Groups
- Small producers cooperatives
- SME's incubator house
- Harghita County Council's Rural Development Association

1.3.1. Managing Authority of ROP 2014–2020

The Regional Development Agency Centru is the managing authority of ROP 2014-2020 in our county.

The Regional Development Agency "Centru" aims to contribute to sustainable and equitable development of the Center Region of Romania by removing disparities and imbalances of regional areas for the benefit of its inhabitants. Established by Law 151/1998, Regional Development Agency Centru operates under Law 315/2004 on regional development in Romania.

The purpose of the Regional Development Agency Centru is putting into practice plans and strategies designed in partnership in order to contribute and effectively use the financial and human resources in assisting communities in the Central Region and to attract new resources.

Through the Agency, local and county-level authorities, non-governmental organizations and entrepreneurs in the region get access to European funds run by PHARE and the Regional Operational Program. Furthermore, communities from the region will have access to the European

Regional Development Fund, to finance investment in the productive sector, infrastructure, education, health, local development and small and medium enterprises. The activity of the Regional Development Agency Centru is coordinated by the Council for Regional Development, which brings together the presidents of county councils and representatives of municipalities, towns and villages from each district of the six counties that form the Central Region, namely Alba, Braşov, Covasna, Harghita, Mureş and Sibiu.

The main activities of Regional Development Agency Centru are focused on the attributes conferred on it by law:

1. Developing and updating the Regional Development Plan (RDP) as well as operational and sectoral plans and programs in the region;
2. Managing, as implementing authority, the funds allocated to the region from EU funds, national budget and other sources of funding;
3. Monitoring of the implemented projects;
4. Promotion of the region and activities deriving from regional development policies;
5. Provision of technical assistance to investors in deprived areas, and monitoring activity of economic agents receiving facilities.
6. Development of national inter-regional and international partnerships;

In order to fulfil all the above mentioned activities Regional Development Agency Centru has county level agencies in Braşov, Covasna, Harghita, Mureş and Sibiu Counties.

1.3.2. Managing Authority of RNPRD 2014 – 2020

The main institutions that ensure the implementation of the European Agricultural Fund for Rural Development through the National Program for Rural Development are:

- The Ministry of Agriculture and Rural Development, through the General Directorate for Rural Development, fulfils the role of Managing Authority for PNDR.
- The Agency for the Financing of Rural Investments (AFIR) acts as a Paying Authority ensuring the technical and financial implementation for all the financing measures of the RNPRD, except those destined for the areas with natural constraints.
- The Agriculture Payments and Intervention Agency (APIA) acts as a Delegate Body.
- The Court of Accounts of Romania acts as a Certification Body.
- Competent Authority within the Ministry of Agriculture and Rural Development.

1.3.3. Harghita County Council (HCC)

Harghita County Council is the elected authority of the county, a local public administration, based on the principles of local autonomy, decentralization of public services, legality and citizen's consultation regarding local problems of main interest.

With a large scale of activities the institution has important roles in the economic development of the county and in tight connection with this the improvement of local SMEs. Through different initiatives and subordinated institutions provides support to the enhancement of local SMEs, to local producers in food sector, in management of EU funds and projects, as well as in the mobilization of resources, partnerships and different programmes in the benefit of the population and stakeholders.

Harghita County Council coordinates the activity of the Harghita County Council's Rural Development Association and Development Agency of Harghita County. Moreover it is the initiator of Harghita Business Center.

Besides the above mentioned responsibilities, the county council deals with several activities and programmes related to:

- responsibilities related to the county level infrastructure and public acquisitions, preservation of cultural patrimony and historical monuments, assistance, urbanism and construction certification;
- investments and economic development, international, EU funded and structural projects' management;
- development and implementation of county level programmes on several fields of interest: culture, youth, religion, schools, civil society, social assistance, health, agriculture, rural development, tourism, renewable energy, mountain rescue and mountain area development, library, arts and registrar;
- county level events organization and protocol, relation with mass-media, human resources, international relations and coordination of the local public authorities of the county.

For this reason, the institution manages and implements county level strategies, among them the following related to the support of SMEs, local producers and the food industry:

- General Development Strategy of Harghita country for the period of 2015-2020
- Economic Development Programme of Harghita county for the period of 2012-2020
- Rural Development Strategy of Harghita county for the period of 2010-2020, focused on the development of agricultural sector.
- Sustainable, Innovative and Economic Oriented Development Strategy for the Attraction of National and European Monetary Funds of Harghita County

Currently, the above mentioned strategies will be updated for the next financing period, focusing on the 2020-2027 and 2030 timeframe.

1.3.4. Development Agency of Harghita County

The Agency, as subordinated institution of Harghita County Council, is an open institution in development which, through its promoter and mediator role, helps local initiatives to materialize. It collaborates with relevant actors in a well-balanced developmental process of the county, and if needed, contributes to the concentration of national and international resources oriented on the region's development, as well as to the improvement of the efficiency of local investments.

The Agency's programs are meant to help Harghita county become a more entrepreneur-friendly region, to stimulate applications for external funds, support investments and innovations in the region, to stimulate the spirit of entrepreneurship and the creation of new jobs, the realization of plans which cover the whole region, and finally, to offer useful information on developing enterprises.

The Development Agency of Harghita County is responsible for the promotion of the **Szekler Product** brand as well.

Furthermore **Local Action Groups, cooperatives, SME`s incubator house and Harghita County Council`s Rural Development Association** are key actors too from the point of view of local producers development. Their activity is described in chapter 1.1.5 and their functions included in the mapping actors table.

1.4. Mapping actors and their functions in the support system

	Managing Authority of ROP 2014 – 2020	Managing Authority of RNPRD 2014 - 2020	HCC	Development Agency of Harghita County	LAG's	Small producers cooperatives	SME's incubator house	HCC's Rural Development Association
Function 1: Technical consulting		Ensuring the technical implementation for all the financing measures of the RNPRD					Provides administrative services, business advisory services, coaching, counselling, technical services, mentoring, training, fund raising.	
Function 2: Resource mobilization	It is responsible for the implementation of ROP 2014-2020	Ensuring the financial implementation for all the financing measures of the RNPRD	EU funds implementation and project management		Implementation of LEADER programme on local level			Provides financial support to local associations
Function 3: Fostering networking and partnerships	Development of national, inter-regional and international partnerships		Provides networking opportunities to international communities	Provides networking opportunities among local producers and links to the international local producers community	Provides networking opportunities among members	Provides networking opportunities among members	Provides networking opportunities among clients and links to the international business community	Provides networking opportunities among local associations Supporting local associations' members' professional development by financing their participation at study visits.
Function 4: Information gathering			Providing information on	Providing information on international				



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and dissemination			international exhibitions for local products	exhibitions for local products				
Function 5: Commercialization				Organises monthly and periodically fairs for local producers Established an e-commerce platform				
Function 6: Branding and legitimation				Is responsible for the promotion of the Szekler Product brand.				

2. Comments & Conclusions (Food Industry)

Taking into consideration stakeholders` functions we can draw the conclusion that their presence in regional strategies regarding food issues can be characterized as complementary. Development and policies are mostly responsibilities of the Regional Development Agency Centru, Ministry of Agriculture and Rural Development and Harghita County Council.

As managing authorities, the Regional Development Agency Centru and Ministry of Agriculture and Rural Development play key role in the mobilization and utilization of EU funding and financial aid in general for the companies or other professionals (local producers, farmers). Furthermore Harghita County Council, the Development Agency of Harghita County, Local Actor Groups, SME`s incubator house, small producers cooperatives and Harghita County Council`s Rural Development Association implement programmes which support SMEs, local producers and farmers development by providing networking possibilities and partnership, commercialization, branding and marketing, information and technical support.

The most basic deficiencies and gaps in the food and beverages industry are identified in the following areas:

Export

- Most of the enterprises face difficulties in export trading, difficulties in accessing markets abroad mainly due to lack of production capacity;

Economy

The main economic issues that have to be overcome by the enterprises in the sector are:

- Financial and economic issues like access to financing, lack of funding, unfavorable economic climate and cash flow problems are important obstacles.
- The high cost of raw materials (mainly products of agricultural production).
- The high tax in alcohol is another factor affecting the competitiveness of local products (spirits)

E-commerce:

- Lack of branding and marketing skills of the SMEs
- Lack of general business skills
- Lack of innovation and research
- Lack of foreign language skills

Quality and safety of products:

- Lack of vocational and professional training
- Migration of skilled labour
- Productivity/Capacity

Innovation:

There is a need in:

- Building entrepreneurial skills capacity in SMEs
- Organizational modernization of enterprises
- Cooperation between foods SMEs in order to increase their own competitiveness and development and build up a strong food sector in the region in order to overcome the displacement by large multinationals.

Institutional issues:

The main obstacles, which hamper entrepreneurship:

- bureaucracy, complicated procedures for start-ups
- complicated legislation

Regarding future obstacles

Rural development and agriculture is one of the main economic development resources in several European regions, including in Harghita County, which is a predominantly agricultural, rural region. Therefore one of the significant economic activities among the county's rural population is agriculture and SMEs in food sector. This is the reason why the support of local SMEs in this sector is a great priority.

The current CAP (Common Agricultural Policy) framework draft is still under negotiation at EU institutions' level. Based on EU funds specialists, the current document reflects a tendency in allocating greater funds for metropolitan/capital areas. This could conclude the possible/slight „withdrawal” of rural development priorities from the next financing period. There must be a greater pressure from potential beneficiaries (local authorities, managing authorities, SMEs and Governments, etc. as well) toward EU institutions to include with similar priority the local, smaller producers from rural areas and less developed regions during the setup of the CAP financial framework of the next period. Development of local, smaller rural areas contribute with great effect to harmonious development of national and peripheral areas of a country and it is important to not allow the unbalanced allocation of funds in case of CAP and rural development because this would push in background not only the traditional local producers, but also the activities of SMEs in food sector, as driving force of economic development of several regions from Europe that are similar to Harghita County.