

## THE IMPACT OF EUROPEAN FUNDS IN THE SUSTAINABLE DEVELOPMENT OF RURAL AREAS IN TIMIS COUNTY

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**Abstract:** *The present study investigates the role of European funds in promoting the sustainable development of rural areas in western Romania, with a focus on economic, social and environmental effects. In the context of significant disparities between rural and urban environments, European funds are an essential mechanism for economic revitalization and increasing the quality of life in rural communities in this region. The paper analyzes the projects financed in Timiș County, with an emphasis on the Lunca Pogănișului area, evaluating their impact on infrastructure, local entrepreneurship, employment and natural resource conservation. The research methodology includes the analysis of data collected from official reports and interviews with local beneficiaries, providing a detailed perspective on the challenges encountered in the implementation of European funds, but also on the positive results obtained.*

**Key words:** *sustainable development, rural environment, social economy, ecological responsibility*

### INTRODUCTION

Sustainable rural development represents an essential objective within the European integration processes, having the potential to reduce economic and social disparities between rural and urban areas. This paper aims to investigate the impact of these funds on the sustainable development of rural areas, focusing on economic, social and environmental effects. [4,8]

The study focuses on projects financed through the European Agricultural Fund for Rural Development (EAFRD), implemented under the National Rural Development Program (NRDP) 2020, intended to access specific European funds.

#### *Type of funds accessed*

In the present analysis, the EAFRD projects within PNDR 2020, financed in the period 2019-2024, were examined, with a focus on the following categories of beneficiaries:

- ❖ **Farmers:** Projects aimed at modernizing farms, developing sustainable agricultural practices and diversifying economic activities in agriculture.
- ❖ **Processors:** Investments in the modernization of agricultural processing facilities and the creation of efficient local supply chains.
- ❖ **Entrepreneurs:** Supporting entrepreneurial initiatives in rural areas, including the development of SMEs and other non-agricultural activities.
- ❖ **Local public authorities:** Projects to improve rural infrastructure, community services and quality of life in rural communities.

The main issue we are addressing relates to how European funds contribute to increasing the quality of life and developing infrastructure in rural areas, areas that have traditionally been disadvantaged. This theme is particularly relevant in the context of Romania, where the disparities between rural and urban environments are significant; thus, studying the impact of European funds can provide viable solutions for sustainable development. [1,3]

The purpose of this study is to evaluate the effects of projects financed in Timiș County, with a special focus on the Lunca Pogănișului area. Our approach is distinguished

from previous work by bringing to the fore a detailed analysis of the impact on local collaborative networks, social entrepreneurship initiatives and the contribution to the circular economy, aspects that have not been sufficiently investigated in previous research.[3,7]

To assess the impact of these projects, interviews and field research were conducted between October and November 2024.

The research focused on:

- ❖ Identification of the economic, social and environmental results generated by the implemented projects.

- ❖ Assessing the perception of beneficiaries (private and public) regarding the efficiency and sustainability of investments.

- ❖ Comparison of the initial indicators (from the beginning of the projects) with those obtained at the end of the implementation.

- ❖ This analysis examines the projects financed by EAFRD under PNDR 2020, successfully implemented in the period 2019-2024. These projects were carried out by:

- ❖ Private beneficiaries: Farmers, processors and entrepreneurs who have used the funds for the modernization of agricultural activities and the development of local businesses.

- ❖ Public beneficiaries: Local public authorities that have accessed funds to improve infrastructure and community services in rural areas.

Our main contribution is to provide an integrated perspective on the results of European funds, including identifiable good practices and challenges faced by local beneficiaries. This paper will demonstrate that European funds not only facilitate economic development, but also create opportunities for innovative partnerships between different actors in the community. [5,8]

To support these claims, we will refer to the relevant literature, highlighting similarities and differences with previous research. Finally, we aim to present a synthesis of the study's results, being aware of its limitations, such as the variability of local conditions and dependence on external funding sources, which may influence the long-term impact of European financial initiatives. [2,6]

This paper not only aims to shed light on a current problem, but also to contribute to the formulation of future strategies for the more efficient use of European funds in rural development in Romania.

## MATERIALS AND METHODS

To carry out this study, we adopted a mixed approach, combining quantitative and qualitative analysis, with the aim of obtaining a detailed overview of the impact of European funds in the rural areas of Timiș County, focusing specifically on the Pogănișului Meadow. This integrated methodology allows us not only to evaluate numerical data, but also to understand the social and economic context in which these funds are implemented, thus providing a holistic view of the subject.

The study was designed to answer specific questions regarding the impact of European funds on sustainable development in rural areas.

We formulated three main objectives:

- evaluation of the economic, social and environmental effects generated by the implementation of European funds.

- identifying the challenges and problems encountered in the process of implementing these funds.

- examining good practices and proposed solutions to maximize the positive impact of these funds.

## RESEARCH RESULTS

To achieve these objectives, we used a combination of data collection methods. The analysis of available documents constituted the primary database of this study. These documents allowed us to understand the specific steps taken within the projects, as well as their impact on infrastructure development, economic prosperity and social cohesion.

To complete the quantitative analysis, we conducted semi-structured interviews with beneficiaries of European funds. [9,10] These beneficiaries included local government representatives, entrepreneurs and community members who were directly involved in the funded projects. The interviews were designed to explore the respondents' individual perspectives and experiences, with questions aimed at:

- assessing the impact of funds on the local economy and quality of life.
- identifying the challenges encountered in the project implementation process.
- suggestions and solutions for improving the management of European funds.

All interviews were analyzed with the aim of identifying relevant themes and sub-themes. The study complied with ethical research standards, obtaining informed consent from all participants. The interviews were conducted under conditions that ensured the confidentiality of the respondents, and the data were processed in such a way as to avoid identifying them in the results of the study.

**Table 1.**

**Distribution of projects by type and beneficiary**

Project type	Number of projects	Private beneficiaries	Public institutions
<b>Agricultural</b>	5	5	0
<b>Infrastructure</b>	3	0	3
<b>Non-agricultural</b>	2	2	0
<b>Total</b>	10	7	3

*Source: Own contribution*

Table 1 presents a **summary of the distribution of projects** according to **their type** (agricultural, infrastructure and non-agricultural), as well as the category of beneficiaries involved (private beneficiaries or public institutions). This ranking provides an overview of how projects are distributed and highlights trends in the involvement of beneficiaries in various areas.

- **Agricultural projects:** Out of the total of 10 projects, 5 are of an agricultural nature, all of which are addressed **to private beneficiaries**. This underlines the significant interest of the private sector in the implementation of agricultural projects.

- **Infrastructure projects:** In this case, the 3 projects are exclusively intended for **public institutions**, indicating a clear orientation of this type of project towards the needs of communities and public administrations.

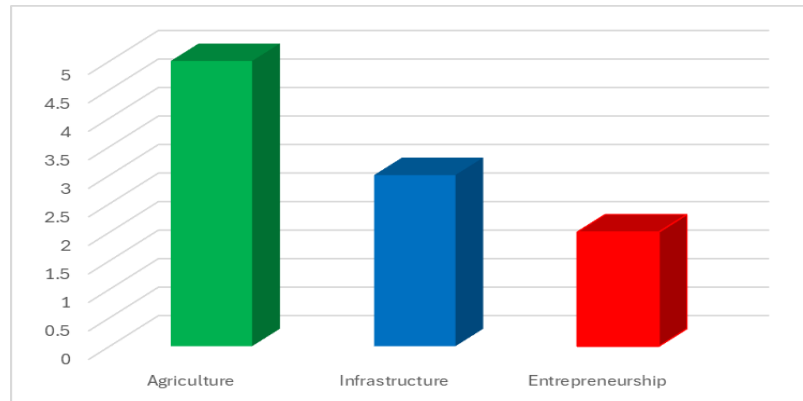
- **Non-agricultural projects:** 2 non-agricultural projects have been identified, both carried out by **private beneficiaries**, reflecting private initiatives in alternative fields to agriculture.

- **Total distribution:** Of the **10 projects analyzed**, 7 are intended for private beneficiaries, while 3 are implemented by public institutions.

This distribution highlights a **dominance of private beneficiaries** in the total number of projects implemented, they are mainly active in the **agricultural** and **non-agricultural** sectors, while public institutions are involved exclusively in **infrastructure projects**. [9,12,13]

- **Predominant access for agriculture:** 50% of the funded projects are in the agricultural sector, suggesting an increased interest of private beneficiaries in the development of this sector.

- Infrastructure, a priority for public institutions: The funds accessed by the authorities were exclusively for infrastructure, which underlines the need for local development.
- Entrepreneurship – secondary area: Although it is an important component, funding for entrepreneurship has been less, indicating untapped potential.



**Figure 1. Types of funded projects**

### **Detailed analysis of each type of project**

#### **Agricultural projects**

- Identify the main **reasons** why private beneficiaries are the ones who implement these projects (e.g.: access to European funds, modernization needs, profitability of agriculture).
- It studies **the impact** of agricultural projects on rural economic development and local communities.
- Assessing **the barriers** to the involvement of public institutions in this type of projects.

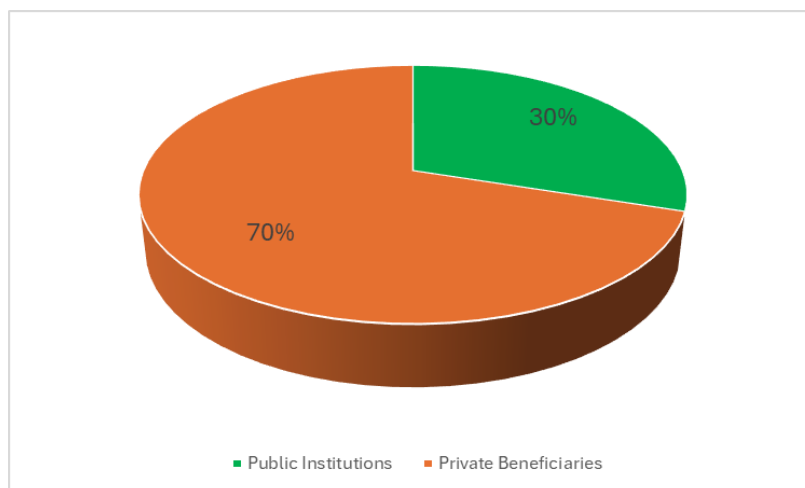
#### **Infrastructure projects**

- It analyzes **the role of public institutions** in infrastructure development and the reasons why private beneficiaries are not involved.
- Study **the impact of infrastructure** on communities (e.g., roads, utilities, public facilities).
- Explore **the funding** available for these projects (government, European funds, etc.).

#### **Non-agricultural projects**

- It identifies **non-agricultural sectors** (e.g. services, tourism, small industry) and **their development potential**.
- It analyzes **the motivation of private beneficiaries** for the implementation of such projects.

It studies whether there are **possibilities for involving public institutions** to support non-agricultural fields.



**Figure 2. Distribution of beneficiaries**

Figure 2, **Distribution of beneficiaries**, reflects how projects are implemented and financed by **private beneficiaries** and **public institutions**, depending on the type of project: **agricultural, infrastructure and non-agricultural**. [14,15]

**Private beneficiaries:**

- They are predominant in **agricultural** and **non-agricultural** projects. Of the total projects, **7 out of 10** are carried out by the private sector, which highlights their major interest in economic activities with profit potential and sustainable development.
- The private sector is absent in **infrastructure projects**, signaling a concentration of their efforts in areas that have a **direct and immediate return**, such as agriculture and non-agricultural initiatives.

**Public institutions:**

- They are exclusively involved in **infrastructure projects** (3 out of 3 projects). This suggests that **public institutions** play a central role in developing the infrastructure needed by the local communities and economy, being responsible for the implementation of projects of general **interest**.
- The absence of public institutions in agricultural and non-agricultural projects can be attributed to their strategic priorities, which are mainly aimed **at infrastructure development** and less direct economic activities.

**Comparison of the involvement of private beneficiaries and public institutions**

**Dominant trends:**

- The private sector dominates **agricultural** and **non-agricultural** projects due to individual initiatives, access to investment funds and orientation towards **economic profitability**.
- Public institutions dominate in **infrastructure projects**, which reflects their responsibility in providing **essential services** and developing communities.

**Distribution and direction:**

- The current distribution suggests a **clear separation of responsibilities:**
- The private sector → areas of **direct economic development** (agricultural, non-agricultural).
- The public sector → **developing infrastructure** for communities and the economy.

This **one-sided distribution** may lead to a **lack of synergies** between the two sectors, although there is significant **potential** for collaboration.

**Table 2.**

**Projects and economic impact**

Indicator	Reported results	Percentage of respondents (%)
<b>Job growth</b>	Temporary and indirect employment	20%
<b>Improving infrastructure</b>	Roads and utility networks	100% (public institutions)
<b>Increasing agricultural income</b>	Private agricultural beneficiaries	71%

*Source: Own contribution*

The table presented provides a **detailed picture** of the economic impact generated by the implemented projects, by analyzing three key indicators: **job growth, infrastructure improvement and agricultural income growth**. The reported results and the percentage of respondents allow the identification of areas with significant positive effects and the categories of beneficiaries involved.

The analysis of the three indicators in the table highlights the following trends:

1. **The economic impact of projects** is significant in the infrastructure and agriculture sector, but lower in terms of **job creation**.
2. **Public institutions** dominate the implementation of infrastructure projects, having a positive impact on communities by modernizing roads and utility networks.
3. **Private agricultural beneficiaries** benefited significantly from the implemented projects, registering a **consistent increase in income** (71%).
4. An **integrated approach** involving both private beneficiaries and the public sector is needed to:
  - create **sustainable jobs**;
  - expand infrastructure improvements in support of other projects.
  - strengthening the positive impact of agricultural projects on the local economy.

Thus, the results provide a **solid basis** for future development strategies and collaboration between private beneficiaries and public institutions.

The implementation of European funds in the Lunca Pogonisului area had the following economic effects: 50% of the financed projects were for agriculture, contributing to the development of this sector, 20% supported entrepreneurship, 20% of respondents reported temporary employment for the implementation of projects, indicating a modest involvement in the diversification of the local economy. The funds accessed by public institutions (30%) were dedicated to infrastructure, without directly generating economic opportunities. All 3 public institutions have accessed funds for infrastructure projects, such as roads and utility networks, but the long-term effects remain limited. Higher incomes for agricultural beneficiaries: 5 out of 7 private beneficiaries said they saw an increase in agricultural production due to the projects. [9,10,12,13]

**Social effects:**

Beneficiaries reported little impact on community engagement and job creation. Entrepreneurship supported by European funds (2 projects) created minimal local opportunities, without a major impact on social cohesion. 60% of respondents perceived an improvement in quality of life.

The authorities indicated that infrastructure projects have improved access to services, but they are insufficient to sustain long-term social cohesion.

**Environmental Effects:**

The lack of projects focused on environmental protection or the sustainable use of resources points to an unexplored component of funding. Funds have rarely been directed to projects with an environmental impact, and beneficiaries have highlighted the lack of

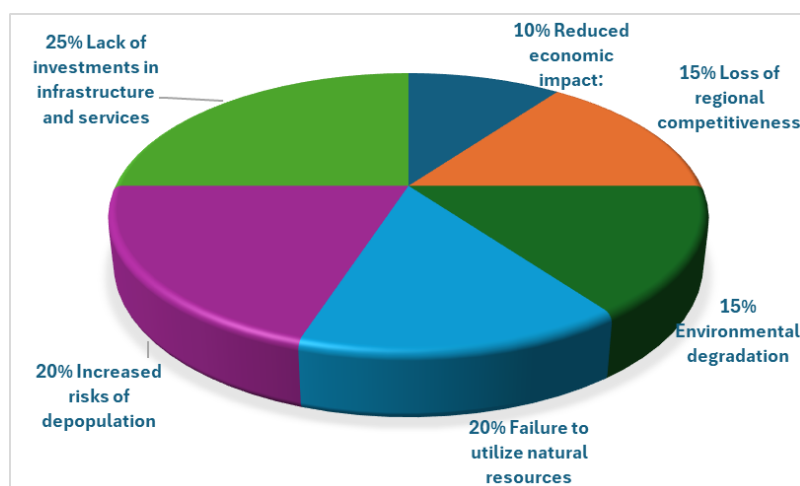
sustainable initiatives. Punctual observations from interviews suggest that environmental effects were not prioritized.

Although European funds have supported economic development through investments in agriculture and infrastructure, their impact on quality of life and the environment remains limited. This suggests the need for strategies that are better correlated with the needs of the community.

European funds have contributed more to the improvement of infrastructure than to the development of the community. The economic impact was significant in agriculture but limited to other sectors.

Without access to European funds or other financial resources, projects to modernize roads, water and sanitation networks, and digital infrastructure can stagnate, limiting the connectivity and attractiveness of the area.

The Luca Pogonisului area has important agricultural, tourist and ecological potential. Without sustainable projects, these resources can remain unused, leading to stagnation of economic development and loss of opportunities for innovation in agriculture and eco-tourism.



**Figure 3. The impact of not accessing sustainable projects in the Lunca Pogonisului**

Figure 3, Impact of not accessing sustainable projects in the Lunca Pogonisului, presents a percentage analysis of the main negative effects generated by the lack of access and implementation of sustainable development projects in the region. The impact is spread across several key areas, each reflecting a specific problem.

**Lack of investment in infrastructure and services (25%)**

➤ It is the dominant category in the chart, representing **the largest negative impact (25%)**.

➤ The lack of infrastructure and service projects generates **difficulties in economic development** and decreases the attractiveness of the region for new investments and population.

**Increased risks of depopulation (20%)**

➤ The second biggest problem is associated with **the risks of depopulation (20%)**.

➤ The lack of sustainable projects leads **to the migration of the population**, especially young people, in search of better economic opportunities in other regions.

**Environmental degradation (15%)**

➤ A **significant impact (15%)** is represented by **the deterioration of the natural environment**.

➤ The lack of implementation of sustainable projects leads to **the uncontrolled exploitation of natural resources** and affects local ecosystems.

**Failure to capitalize on natural resources** (15%)

➤ Also 15% of the effects are attributed to **the non-exploitation of natural resources**, which remain unexploited in a sustainable way.

➤ This situation leads to **economic losses** and the non-use of the region's natural potential for agricultural, tourist or industrial activities.

**Loss of regional competitiveness** (15%)

➤ The lack of sustainable projects contributes 15% to the **decrease in** the region's economic competitiveness compared to other areas.

➤ This may be **the result of delays in modernization**, lack of investment, and stagnation of local economic activities.

**Low economic impact** (10%)

➤ The lowest percentage in the graph, but still significant, is **the reduced economic impact** (10%).

➤ It reflects **the slowdown in economic development** because of the non-implementation of projects, which limits the population's income and future investments.

## CONCLUSIONS

The study on the impact of European funds on sustainable development in the rural area of Lunca Pogănișului highlighted the potential of these resources to address essential problems in isolated rural communities. However, the results show that this potential is not fully exploited. While significant progress has been made in certain areas, such as infrastructure and supporting agriculture, the overall impact remains fragmented and insufficient to drive a truly sustainable transformation.

A central point of the conclusions is the fact that most of the financed projects were of a technical nature, focusing on solving immediate needs, such as the modernization of roads or the purchase of agricultural equipment. This, while useful in the short term, fails to respond to the more complex challenges of rural communities, such as an ageing population, youth migration or a lack of diversified economic opportunities.

The social and ecological components were marginally addressed in the projects analyzed. The lack of community involvement in defining the needs and priorities of funded projects limited the positive effects on social cohesion. Also, the omission of green initiatives underlines the need to better align European funds with sustainability and climate change objectives.

Another important element highlighted by the study is systemic barriers, such as excessive bureaucracy and lack of information, which discourage private beneficiaries from accessing funds. These problems reflect an urgent need to simplify administrative processes and increase transparency in the management of European funds. In addition, the lack of consultation and training sessions limited the ability of beneficiaries to develop projects with significant impact. Compared to studies in other regions, the results point to a similar trend: accessing funds is difficult, and the social and environmental effects are below expectations. Simplifying administrative procedures and providing greater support to beneficiaries in the development of projects. Creation of financing guides that also prioritize the environmental component.

The sample size is small, which may limit the validity of the conclusions. The study focuses on a single region, which makes the results not generalizable. In addition, the study highlights good practices and proposes solutions to maximize positive long-term impact,

thus contributing to sustainable rural development. The research results are relevant for decision-makers, specialists and direct beneficiaries, providing a solid basis for the formulation of future strategies in the use of European funds for rural development in Romania.

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