

**ŠIAULIAI UNIVERSITY
FACULTY OF SOCIAL SCIENCES, HUMANITIES AND ARTS
DEPARTMENT OF PUBLIC ADMINISTRATION**

**PARDUBICE UNIVERSITY
FACULTY OF ECONOMICS AND ADMINISTRATION**

Greta GUMULIAUSKAITE

The student of Regional Development and Governance joint study programme

**MUNICIPAL SUPPORT FOR THE DEVELOPMENT OF
TOURISM ACTIVITIES: 2007-2013 EU SUPPORT FOR
ŠIAULIAI AND PARDUBICE REGIONS**

Master's Thesis

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Social Sciences, Public administration (N700)

Advisor of Thesis:
Doc. dr. L. Liukinevičienė

I confirm that presented Master's Thesis to obtain qualification degree in Public Administration is original author's work

(Student's signature)

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INTRODUCTION

Over the past years, the tourism industry has had to contend with a series of challenges. Political uncertainty, terrorism, consumer wariness and economic turbulence have all placed enormous pressure on this industry. These incidents have left a mark of changes in consumer demand and behaviour. In an effort to adapt to the shifting Marketplace, the tourism industry has had to restructure and refocus its efforts. While business plans have become increasingly short term, more and more governments are realizing that they cannot leave tourism growth to chance.

The European Union is one of the main donors worldwide, and provides numerous opportunities to (co-)finance your projects on nature conservation. But it is often difficult to access information on existing EU funds as well as on their eligibility criteria. In addition, the EU is not the only European donor: the 27 EU Member States and many European foundations are also providing interesting funding opportunities.

Europe is a political project and not simply an economic market. Culture is ideally positioned on the cusp of the economic and the political spheres. Compared to other sectors of the economy, culture has an additional dimension – it not only creates wealth but it also contributes to social inclusion and better education. Culture is also a powerful tool to communicate values and to promote objectives of public interest that are broader than wealth creation.

Cities and regions across Europe have extensively interpreted the 2007-2013 Cohesion Policy. They have gone beyond the EU regional policy's prevalent vision linking cultural investment to heritage and tourism and successfully explored the potential of culture to boost innovation, the growth of the knowledge and green economy as well as social cohesion

The approach to culture of the current Cohesion Policy regulatory framework is mainly linked to tourism, the rehabilitation/building of cultural infrastructures, the supply of cultural services and the preservation and development of cultural assets/heritage. The potential of culture as a source of non-technological or social innovation, or its contribution to urban regeneration or the green economy is never mentioned.

Nevertheless, local authorities have adopted a forward-looking vision. Cultural investment has been integrated in local policy-making to widely foster regional development and contribute to Cohesion Policy goals - namely attractiveness, innovation and jobs. Structural Funds have importantly contributed to such investment.

EU Competitive Programmes are programmes financed directly from the EU's budget in the form of grants and cover priorities, as defined by the EU and aimed at contributing to the implementation of EU policies. They are administrated by the European Commission and are competitive and transnational, thus participation of partners from more than one member states is

often required in order to submit a proposal. These programmes are managed at central European level, without the intervention of the Institutions of the Member State. The proposals submitted compete with proposals from all Member states and successful proposals are selected after a comparative evaluation of all proposals submitted.

Under the current period, culture has proven to be a critical factor to make European cities and regions more attractive, to create more and better jobs and to attract tourists. Cohesion Policy 2007-2013 encourages applications for funding supporting cultural heritage and activities to regenerate regions as well as to attract highly skilled workers. However, culture is never cited as part of innovation or sustainability goals (unless in relation to sustainable tourism). Nevertheless, a mind-shift can be observed at EU and local level in the way culture is addressed. Culture is increasingly seen as having a wider scope that relates to innovation, attractiveness of the territory, entrepreneurship, economic development and the “experience economy”.

However, each Member State and region has its own rules. Operational programmes greatly vary as well as partnerships on which OPs build.

Lack of reference to culture in the EU policy framework and in the OPs is a key barrier to encouraging culture investments. In addition other factors such as cofunding requirements, administrative procedures, advancement conditions or lack of transparency are perceived as obstacles that make more difficult the use of SFs for culture related interventions.

The novelty of this work is that with this scientific work was provided the prospects for tourism development in Siauliai and Pardubice cities using EU investments.

Relevance of the topic. The EU's regional policy is an integral part of the main objectives: development of democracy, strengthening of economy, ensuring of population welfare. The EU structural policies with financial instruments coordinate states' regional policy. That's how social and economic disparities of the EU countries are reduced. Regional policy pays a great attention to planning, cooperation, monitoring, evaluation and implementation of the obligations (Čaplīkas V. 2006). Cohesion policy is an integral part of the EU's regional policy. It is the most visible policy, because its results have impact on the economic and social development (Misevičiūtė E., J. Stankevičiūtė, Petrulis E. 2011). To effectively implement it, it should be closely linked to the strategic objectives, as well as to achieve its main goal, which is to concentrate on the less developed regions. Currently the most popular forms of the EU regional policy are: government aid for investment in new and traditional parties or their regions' branches. The aim is to help solve the region's unemployment, decentralization, slow growth and other problems. Support includes subsidies, grants, certain tax incentives, preferential credits for investments (Vydmontaitė G. 2006).

As a result, it can be said that regional policy occurs while applying legal, economic and administrative measures, differential impact on different regions of the country for social and economic development is created to reduce social and economic disparities between the regions, and promote balanced development throughout the country (Macys G., 2005).

To implement the regional policy, members receive the financial support of the EU from the Structural Funds. EU financial support is provided through the structural funds and various projects, and is an effective tool to Member States, imposed for development of regional economies. It also allows a better use of human, innovative, recreational and other resources, as well as successfully reduce the economic development gap between different regions of the country.

When Lithuania became the member of the EU, it gained not only an important status, but also an access to modern public policy-making tools and skills (Žukauskas V. 2009). Lithuanian regional policy was strongly influenced by the formation of the EU regional policy and with its associated structural support measures. Lithuanian regional policy is still a new public policy, which emerged from the EU. In agricultural policy and other areas, spatial planning and budgets of self-governing territorial divisions alignment existed before. However, regional policy as a separate workspace of Lithuanian government was formed only on the need to prepare for the EU membership to effectively benefit from the EU support.

The EU structural funds for Lithuania help to improve individual regions of the country and the functioning of the economic sectors, as well as to increase their competitiveness. However, in Lithuanian regions there is a local problem that the EU support is not always used efficiently. As a result, economic development does not achieve the desired effect. Therefore, the second part of this work presents comparison and trend analysis, and systemization of the EU Structural Funds support for Lithuanian regions. Also the the EU Structural Funds and the Lithuanian costs incurred for membership of the European Union, the cost-benefit analysis will be presented. The results will be compared with the EU aid figures of Pardubice region (2007-2013).

The object of the study - the European Union's structural funds, contributing to the tourism development of Siauliai region and Pradubice region.

Hypothesis - after using the EU structural funds, tourism activity efficiency in Siauliai and Pardubice regions have increased

The aim - to define and analyze the European Union's structural funds support for the development of tourism, while absorbing 2007-2013 regional support.

Research tasks:

1. To define the concept of tourism, specifying the type of tourism, its benefits and the factors that contribute to the development of tourism.

2. to provide the analysis of European Union's Structural Funds given to Lithuanian tourism development

3. to perform a comparative analysis of the EU funds for development of tourism of Siauliai and Pardubice regions.

Methods for information collection and analysis. The theoretical part used Lithuanian and foreign literature: monographs, scientific articles founded in scientific publications and periodicals database; statistical analysis of secondary data. Practical (analytical) part is performed as a comparative analysis of Siauliai and Pardubice regions. Interview helps to analyze problematic topics. Method for data analysis is a comparative method.

Work structure. The work consists of an introduction, three main parts, conclusions and suggestions. In the first part the concept of tourism is presented; types of tourism are distinguished; the areas in which tourism development benefits are defined, emphasizing economic and social benefits of tourism; factors that contribute to the development of tourism are distinguished and described. The second part presents the research methodology. The third part analyzes the European Union's Structural Funds for Siauliai and Pardubice tourism, specifically emphasizing the support for tourism development.

I. TOURISM DEVELOPMENT USING EU STRUCTURAL FUNDS THEORETICAL OVERVIEW

1.1. The conception of tourism

Since there is no unanimous consensus on the conception and definition of tourism, these days tourism is perceived ambiguously both from theoretical and practical point of view. Also the impact of regional tourism on competitiveness is understood differently across the world. Usually the term tourism is related to travelling, staying abroad from your hometown, also it is relevant to the cognition of geographical diversity in cultural and economic context.

However, the narrow concept of tourism is described here, taking into this concept of ambiguity to the study of different authors. This chapter provides the paradigms of tourism industry in both foreign and Lithuanian scientific literature. Tourism and its development played an important role, since the inner and outer transformation had influence on different forms of tourism and different methods, also it widened the scope of tourism in both qualitative and quantitative improvement.

In many countries tourism forms a major opportunity for economic development as a means to improve the livelihoods of the country. In both public and private sectors, the number of tourists depends on the expansion of the country's tourism and competitiveness, according to the local communities, employment and concept of sustainable tourism development. Nevertheless, these days a great number of tourism destinations carry out the development of tourism without proper planning and without taking into account the effects caused to communities, locality or state (Honey, 2009).

Tourism is defined as a business, which is dominated by the human factor, e.g., individuals who provide services. However, tourism differs from other branches of business because travel agents are working in this activity. Over the years, the concept of tourism varied and to this day there is no consensus on what is tourism. The word "tourism" itself defines travelling from one location to another. But it should be noted that tourism is a seasonal product because the attractions are popular only on certain times. The word "tourism" means travelling, it can also be defined as a purposeful human activity, which is associated with a temporary stay abroad no longer than one year and the travelling purpose must not be linked with paid employment (Jakučiūnienė, 2000). Also tourism can be explained as a diverse life in a focused short period and defined as appropriate goals and ways to achieve them.

On the one hand, modern tourism can be seen as a new activity, on the other hand, this activity has deep historical roots for the reason that individuals travel from time immemorial (Svetikienė, 2002). This is one of the most effective means of human recreational needs. However,

the scientific literature contains a lot of different concepts of tourism explanations, at the moment the most correct concept of tourism is explained by the World Tourism Organization; it says that tourism is all types of travelling and trips when a person leaves his job and place of residence for more than one day and less than 12 months and the goal of the trip is not employed and paid activity.

In accordance with the Law on Tourism of the Republic of Lithuania on tourism, it is indicated that tourism is an activity of travelling when a person remains for at least one night outside the limits of his or her permanent place of residence and this activity is not related to paid employment. According to Damulienė (2003), tourism can be perceived as one of the most promising and most dynamic economic activities. It also has to be noted that tourism as a social and economic phenomenon began to take shape when the need for information and travelling arised. Therefore, the product of tourism formation was determined due to travelling and demand of knowledge (Labanauskaitė, Jusčius, 2001).

The product of tourism is not a product of first necessity, therefore, a person uses this product only when he has sufficient income and when the cost of the living and cultural level is high enough. In line with Labanauskaitė ir Jusčius (2001) the concept of tourism can be determined based on different characteristics:

- tourism – when people travel to various tourists' destination
- tourism includes these parts: a trip to the desired location and a stay in that location;
- journey is a departure from the state or region in which the person is living permanently.
- tourism is travelling without pursuing profit-making aims (Labanauskaitė, Jusčius, 2001).

As Žilinskas and Skrodenienė (2007) assert "tourism is a purposeful activity by people, in connection with travel and temporary stay of up to one year, outside the location of one's permanent place of residence, if this activity shall not involve teaching or compensated work at the location being visited." Also when analysing the definition of tourism, is appropriate to exclude the concept of tourist in this context, which is defined as "the traveler is someone who moves between different geographical locations for any purpose and any duration". A traveler can be described as "a visitor taking a trip, according to his main destination outside his/her usual environment for less than a year, for any purpose (business, leisure or other personal purposes), other than employment at the residential country or at the visited place. "As a result, tourism is considered to be a subset of travelling, and visitors are often called travellers" (IRTS¹, 2008).

¹ International Recommendations for Tourism Statistics (2008)

Gligorijević, Stefanović (2012) points out that the journey is a pleasure experienced in different places, and the person who performs this action is defined as a tourist. However, the authors indicate that not every passenger is a tourist. Scientists (Cohen,1994; Pirjavec, 1998; Milenkovic, 1999) state that a tourist is a person who during the trip spends at least one night at the hotel, hostel, guest house and so on, no matter for what kind of purposes, for example, health purposes, research, sports, public affairs or because of the conference one has to attend. But the concept of visitor and traveler is different and it is important to note that they can not be identified in order to avoid statistical analysis and data collection errors.

Also IRTS (2008) indicates that tourism can be defined as a trip when the tourist leaves his or her permanent place of residence until his or her return. Therefore, the trip is based on visits to different places. But tourism by its nature and content is a very complex phenomenon. Hence, it is not easy to clarify the concept of tourism because it is a multi-dimensional phenomenon that can be analyzed in social, economic and statistical perspective (Gligorijević, Stefanović, 2012).

Tourism can be determined as a social phenomenon when the movement of people takes place in order to meet the needs of tourism. Tourists' understanding of tourism is linked to the concept of travel but it is not connected with all types of travels, only with those that are needed for resting, leisure, physical and psychological relaxation. In fact, only such trip can be defined as tourism. Tours, like travels, can be categorized, which are motivated to fulfill the cultural desire while relaxing. From this we can conclude that determining the concept of tourism period, two basic conditions must be discussed: First trip which includes a temporary stay outside the residence and the second trip (after the change of the residence) is conditioned on the willingness of rest and relaxation in both mental and physical sense. For this reason, it is indicated that daily environment significantly affects fatigue, stress and outside irritants, that is why tourism is essential to take a rest from everyday life, apathy, and is needed experience something new (change the living environment). Accordingly, tourism can be defined as a generator of pleasant sensation associated with relaxation or other tourist activities.

Tourists seek to change their permanent address in designated tourists' areas that are created on the basis of economic relations. Appropriate services (agreement, meals, entertainment, culture and so on) are designed to meet the desires of tourists, for that reason in tourists' areas there is a certain economic activity as well as there is not an economic activity which meets the demand of the tourists. Tourists' areas have broad and social relations (except economic relations), for example, relations between tourists and the locals, as well as the relations between tourists themselves (Gligorijević, Stefanović, 2012). With this in mind, tourism can be defined as a social phenomenon, which is defined by a number of theorists but this definition most widely used in social perspective "tourism is a measure of relationships and phenomena, which arises from the

travel and stay of places where, if such place is not a permanent residence, and if this place is not related to economic activities." (Markovic, 1970).

Summarising the concept of social tourism phenomenon in perspective, it can be said that tourism can be seen as a complex social system, which expands and exploits development. This definition of tourism emphasizes the reciprocal effects of related departments. Although tourism concept is presented in different ways, and in the long run it transformed, on the concept of the development tourism has changed its structure, formed new motives, new functionality and identified different goals, but never lost its economic characteristics.

Tourist in economic theory and analysis is perceived as a consumer of movement, whose aim is to meet the specific needs and goals. Therefore, in the economic concept of tourism the point of tourism is to represent the economic side of the tourists. However, as already mentioned, tourism is a complex phenomenon, which has a wider cultural, social and political meaning, that is constantly being developed on the basis of social development.

Taking into account those general concepts of tourism they are inherent to economic importance. The point of tourism as an economic phenomenon rise from a variety of mutual, social, economic relations based on tourists' needs. The essence of these needs, their structure and size is estimated by the general social and economic development of the process. This means that the economic relations, which are estimated by tourism, defined as economic connections between tourism and touring economic relations. These relationships establish economic and other consequences which in economic practice are expressed as an economic category.

The economic aspect of tourism is the the object of interest of economic analysis. It describes and analyzes the resulting relationship between economic categories, which arise from the economic relations in tourism (consumer demands and supplies). On this basis, it can be demonstrated that the most important characteristics of tourism as an economic category are: tourists as a tourist service users who have a financial instrument to pay for tourism or touristic economy, which is equipped with a variety of everything to meet the needs of tourists (Gligorijević, Stefanović, 2012). Taking into account the concept of tourism, we present the tourism system (see Fig. 1)

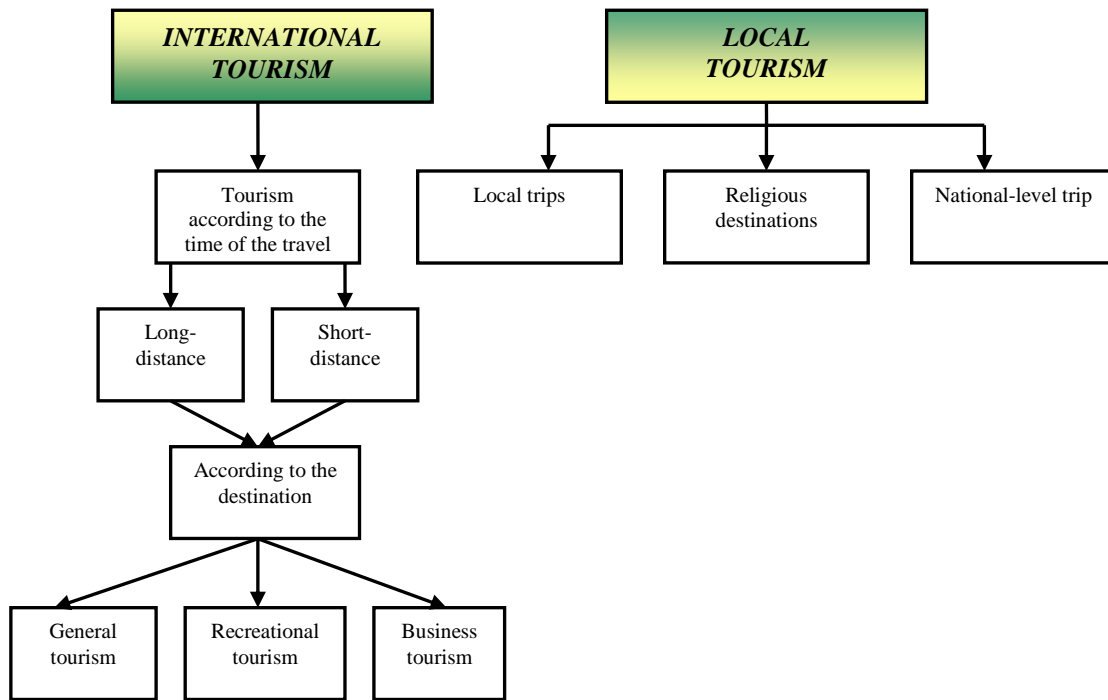


Fig. 1. Tourism system

Source: made by the author of the work

Based on the concept of tourism, according to the distances tourism can be divided into two types, i.e., long-distance tourism is generally considered to be a journey of more than 3.000 kilometers and short-distance tourism is below that number. According to geographic point of view, tourism can be divided into local and international views.

In the local tourism tourists' flow can be pointed in different directions, e.g., between urban or outside urban areas, lake or rural areas, and vice versa. In local tourism one of the most important aspects are resources and favorable environment. Therefore, while planning to engage in tourism activity one of the most important factor is a favorable environment for the development of tourism, which is integral to the resources of tourism.

Tourism management and planning of the Republic of Lithuania is based on laws and legal documents. Tourism planning is one of the tourism sector's means of implementation on management and policy. According to the Law on Tourism of the Republic of Lithuania (2002), functions of tourism management are assigned to the competent authorities.

Summarising the concept of tourism, ranging from the general concept of tourism, it can be established that tourism is all types of travelling and trips when a person leaves his job and place of residence for more than one day and less than 12 months and the goal of the trip is not employed and paid activity.

However, looking at the phenomenon of systematic theory side, it can be concluded that tourism is a complex system consisting of many subsystems. Tourism can be analyzed in both social

and political perspective, but all the concepts of transformations share a common understanding – tourism is a different economic activity, which consists of various economic activities in both domestic and foreign markets. Besides touristic business include: hotels and catering, transport, tourism and travel agencies, retail and so on.

1.2. The relationship between tourism development and EU governance

Today sustainable development is recognized in world's all sectors of the economy, so tourism sector is no exception. Sustainable tourism development applies the elements of sustainable development. In recent decades sustainable tourism development became a priority and a dominant area to scientists and theoreticians, in the context of researchers analysis and adaptation of real-life. The concept of sustainable tourism development is associated with tourism and relations with the area, as well as the social and natural environment, tourists and tourism businesses and economics. Therefore, the concept of sustainable tourism development includes basic constructs that are almost indistinguishable from the general concept of sustainable development (see Fig. 2).

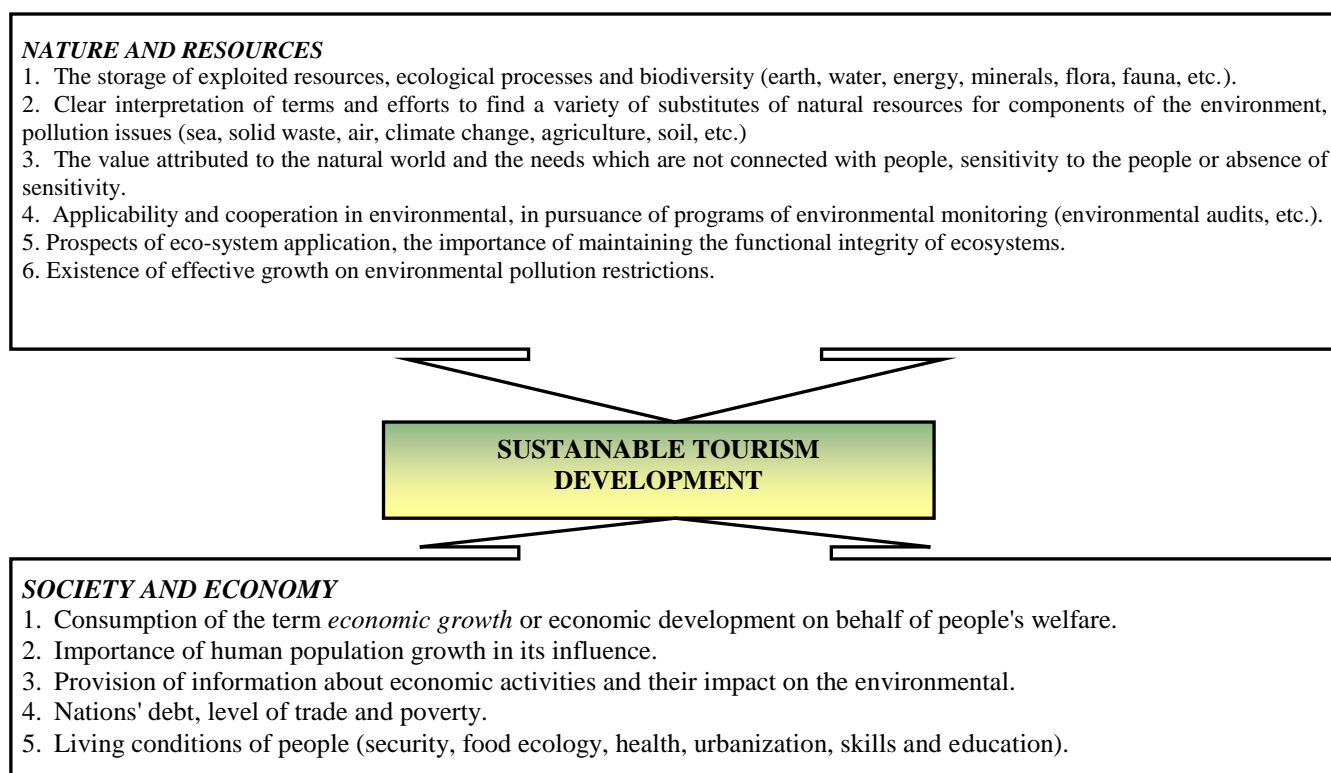


Fig. 2. Concept of sustainable development in tourism

Source: made by the author of the work, on the basis of Anužis, Anužienė (2011)

Taking into account that it is widely accepted to use the definition which defines sustainable tourism as tourism; it includes the management of all resources so that they can be addressed to economic, social and aesthetic needs. The maintenance of cultural integrity should be supported, as well as essential ecological processes, biological diversity and the structures of quality of life. World Tourism Organization consider the concept of sustainable tourism development and regard the needs of tourists and local communities (World Tourism Organization). Therefore, sustainable tourism varied and partially became fully independent from the basic principles of sustainable development. Hence, it is important to distinguish that the concepts of sustainable development raised the following main issues:

- Local community's justice/fairness according to the standards of living and aspects of quality of life.
- Addressing the needs of tourists and tourism industry demand.
- Previous two goals based on a popular opinion in order to protect the environment of tourism resource base (nature).
- Maintenance or enhancement of tourism industry competitiveness
- Strong and/or weak positions of sustainability.
- Sustainable development or sustainable tourism (Hunter, 1995; Butler, 1993, Ref. Anužis, Anužienė, 2011).

There is a worldwide increased demand to preserve and protect the environment, air, water, wildlife, cultural heritage, tourism resources and ecosystems; there is a need to produce changes of international economic and political policies. States' of environmental activities is not enough to solve environmental issues because the coordinated effort of all countries and international organizations are needed. International organizations and governments emphasize that traditional methods of environmental control and state regulation is based on strict administrative methods. Most importantly companies must continuously improve their environmental activities. For this purpose, administrative requirements must be created, requirements that are defined by laws and regulations, as well as new measures needs to be developed to encourage tourism businesses to achieve better environmental aspects. In line with the growing environmental requirements, this chapter analyses the improvement of business opportunities in sustainable development.

The aim of tourism policy is the integration of foreign tourists to country's and regions' social and political life. However, in reality it is difficult to implement this in many countries; in order to enhance vitality and development of regional tourism a balanced development is important, taking into account the tourism resources. Although tourism is identified as the modern phenomenon, but inappropriate form of tourism can cause adverse effects. Therefore, it is not

appropriate to analyze the impact of each separately and without being able to assess the consequences as a whole (Žilinskas, 2011).

For a long time in Lithuania phenomenon of sustainable development was only a theoretical concept. However, growing tourism businesses, recovery of the economy, use of natural resources, contamination of the environment have raised the need to promote strategies of sustainable development and establish protection programs of natural resources. Therefore, the Lithuanian Environmental Strategy (Ministry of Environment of the Republic of Lithuania, 1996) was approved, in which ambient condition was estimated, environmental objectives and priorities were formulated, a program of measures was prepared and the intended results were provided. The Lithuanian Environmental Strategy is aimed at preconditioning the country's sustainable development to allow the preservation of clean and healthy natural environment, biological and landscape diversity and optimal nature use. (Čiegis, Zeleniūtė, 2008).

Eventually based on the principles of sustainable development some strategies of different areas were developed – Strategy for Framework Convention on Climate Change (2006), the Biodiversity Conservation Strategy and Action Plan (1996), Strategy for Public Environmental Education (1997) and others. To ensure sustainable tourism business is important to take into practice those strategies and implement practices that foreign country has already implemented. Therefore, in view of the fact of sustainable development strategies and their capabilities of implementation, trying to use and protect resources properly, is important to open protected areas, for example, National natural parks, Nature reserves, Biosphere reserves. In this perspective, it is essential to control the activities, attitudes, duration of the trips. It is important to manage the flow of tourists.

Protection of territories is one of the most important aspects because out-of-control flows of the tourists have the greatest negative impact on the environment and we try to maintain them. Consequently, it is necessary to restrict the access to these territories, as well as severely restrict the access of vehicles, implement education policies and specific objectives as they up until this day are not fully formed. The concept of sustainable development must protect resources without prejudice to their potential. Appropriate use is a way to preserve the natural, cultural and social environment but often in modern society resources of tourism are not used for its intended purpose and it has a negative impact on the normal development. Therefore, Dumbraveanu (2004) presents the basic principles to maintain resources:

- Control of eco-load means to balance the level of use, which may cause environmental risks and adverse effects on natural ecology;
- Economic load means to balance the level of use in view of the regional economy, as resources of tourists depends on the use of touring region;

- Social capacity means the utilization rate of tourism which has a negative impact on the locals, i.e. unbalanced flows of tourists who damage local culture;
- Psychological capacity means utilisation level and when you exceed that level, you confront a discomfort and satisfaction shortages due to excessive flows of tourists (Dumbraveanu, 2004).

In summary, it can be established that the concept of sustainable tourism development seek to reduce the impact of tourism activities in order to create a green environment, helping to maintain and strengthen resources of tourism. Accordingly, the important objectives are reduction of negative impact of tourism on the local community and its members, in order to obtain social sustainability, and reduce negative impact of tourism activities, culture / traditions / customs of local communities in order to achieve the cultural sustainability. Hence, a balanced development of tourism makes it possible to preserve the cultural heritage. Also the concept of sustainable development tries to increase the economic benefits for the locals, develops tourism so as to produce economic sustainability. As a result, fundamental principle of sustainable tourism is the protection of the environment and terrain, as well as economic development.

In summary, it can be established that in order to maintain the above mentioned resources of tourism a stable and strong legal framework must be made because of these principles; as currently tourism activity is limited in the private sector because of the cursory permits and licensing. As a result, the basis of sustainable tourism are methods and regulations. Of course it is paradoxical when countries seek to promote greater development of tourism and point out that this is done on the basis of sustainable concepts. Of course if you want to reach good development of sustainable tourism – a firm position, legislation, regulations and responsibilities are the most effective measures for rules of development sustainable. Even though sustainable development is a theoretical concept, and is often viewed negatively due to its implementation's complexity, but nowadays it has to be included in the tourism planning opportunities.

1.3. Elements influencing the development of tourism

Tourism is open and constantly evolving and is a process responding to changes; it has a positive and negative impact on different environments, also tourism is under the sway of the environment and is formulated by it. After defining the impact of tourism to different environments, we can move on to talk about different elements and environmental impact on tourism. The Environment, in the broadest sense of the word, can be defined as "space elements which directly or indirectly have an impact on humans" (Grecevičius P., 2002, p. 60). A successful tourism

development depends on the environmental characteristics of the naming. There is natural, cultural, social, legal and geopolitical environment, which affects the development of tourism.

The greatest impact for tourism development is country's *natural environment*, which is defined as "environment, dominated by natural elements of nature as a whole: climate, atmosphere, water, relief, flora, fauna" (Grecevičius P., 2002). Specific formation of the tourism industries depends on the country's unique natural environment: mountain tourism, water tourism, cruise tourism. Besides the country's natural environment, a huge impact on the development of the tourism has a public performance of the product,: cultural environment conveying material and spiritual values of the society.

In order to define cultural environment the definitions of recreational areas and recreational resources are important. The Law on Tourism of the Republic of Lithuania describes recreational area as "an area, having the characteristics of natural or cultural surroundings and conditions which permit organising full physical or spiritual leisure for people" and recreational resources as "appropriate areas of natural or cultural means organising full physical or spiritual leisure for people" (LR turizmo įstatymas. Valstybės žinios, 1998. Nr. 32-852).

In the strategy of the development of tourism of the Republic of Lithuania until 2015 country's natural and recreational resources of tourism as well as cultural tourism resources are distinguished alongside basic resources and services determining the development of tourism. While configuring Lithuanian strategy of tourism by 2015 the following assumptions were used: Lithuania stands in a convenient geographical environment, in the middle of the continent, which creates favorable conditions for the development of tourism; Lithuania has plenty resources for tourism: nature and resorts, coastal zone, objects of cultural heritage and other objects of cultural tourism (museums, theaters, events); it also contributes to the successful development of Lithuanian tourism. While describing Lithuania's natural and recreational tourism resources, it is worth noting that landscapes, suitable for tourism and recreation, compose of over than one third of the total area of the country. Forests occupies 28% of the country's territory and 30% of them composes of dry pine forests and they are important for recreation. 5.6 million hectares of forests are appointed for hunting, 5.6% of them is for the development of hunting tourism. Lithuania has 10 thousands of lakes and ponds. Lithuania owns 41.3 thousand hectares of the northern part of the Curonian Lagoon. In respect of Lithuanian cultural environment it should be borne in mind that Lithuania has more than 10 700 registered cultural heritage (Lietuvos Respublikos Vyriausybės 2001 m. spalio 30 d. nutarimą Nr. 1274 „Dėl ilgalaikės Lietuvos ūkio (ekonominės) plėtotės strategijos projekto rengimo“). Lithuanian natural conditions and landscape mentioned before show that Lithuanian natural and cultural environment is favorable for the development of recreational tourism. Value of lithuanian landscape has a dual significance for recreation and tourism, it provides physical value

(comfort conditions for recreation) and psychological and emotional value (aestheticism). The Tourism Development Strategy until 2015 states that Lithuanian natural and cultural resources of tourism are fully in line with the market of tourism resources in Central and Northern Europe. (Lietuvos Respublikos Vyriausybės 2001 m. spalio 30 d. nutarimą Nr. 1274 „Dėl ilgalaikės Lietuvos ūkio (ekonominės) plėtotės strategijos projekto rengimo“).

Besides the natural and cultural environment, social environment has an impact on the development of tourism, which consists of sociodemographic factors, security of health, security of environment, subcultural derivatives, legal factors and security of assets, hospitality. The social environment includes demographic aspects of women's role in modern society, aspect of ethnic minorities, criminality (e.g., the spread of prostitution), health (the spread of certain diseases) and protection of the environment (environmental aspects) (Grecevičius P., 2002). In the Tourism Development Strategy until 2015, in the analysis of PEST, while defining social environment of Lithuania some factors are indicated that they detract Lithuania's image among potential tourists from abroad: the low cost of living, rising crime levels, poorly functioning legal system, the emigration of young and educated people.

The formation of the legal base, which can be expressed as the legal environment, is important for a successful development of tourism. The legal base regulating Lithuanian tourism began to take shape after Lithuania regained its Independence. The Law on Tourism of the Republic of Lithuania was adopted only in 1998. Tourism formation of legislative environment includes establishment of consumer rights, relations of manufacturers and service providers which is governed by the Law on Consumer Protection of the Republic of Lithuania (it was adopted in 1994). Legal base of tourism is regulated directly and indirectly by the Civil Code of the Republic of Lithuania, which came into force in 2001 (Grecevičius P., 2002). While describing the legal framework in the Tourism Development Strategy until 2015, in the analysis of PEST, these legislative gaps, involving a great deal of effort for business investment in tourism infrastructure and other services, are distinguished: while creating tourism infrastructure, legal framework of tourism is incomplete, the issuance of visas for tourists and other procedures for entry into Lithuania are still streamlined. Procedures of entering Lithuania should be simplified, regulating the legal framework of public institutions, non-governmental organizations and business interaction between (Lietuvos Respublikos Vyriausybės 2001 m. spalio 30 d. nutarimą Nr. 1274 „Dėl ilgalaikės Lietuvos ūkio (ekonominės) plėtotės strategijos projekto rengimo“).

Another factor determining the supply of tourism services is a geopolitical environment. Various changes in the political system inside and outside the country has a significant impact on tourism development. National conflicts, political instability divert the directions of tourism flows. Geopolitical environment of the country is vital for the development of country's tourism.

Geopolitical situation of Lithuania is assessed as favorable for the development of tourism, because it has an access to the Baltic Sea and exists in intersection of important tourist roads – West-East direction and the North-South direction (Grecevičius P., 2002). The Tourism Development Strategy until 2015 and the analysis of PEST states that Lithuania's political situation is stable. The accession of the European Union has a positive impact on the country's development of tourism, as we have the opportunity to use EU structural funding.

L. Žalys, I. Žalienė and I. Janulienė (2005) attribute tourism representation through marketing elements to the successful development of tourism factors. Authors distinguish these elements – public relations, advertising and promotion – as the highest elements having influence on tourism representation. According to the authors, societal outreach is "an activity aimed at the society or certain groups to form a positive image and build the atmosphere of trust and understanding" [39, 2005, p. 404]. It is important not only to furnish the service properly, but also have regard for the public so it can know about the product and understand it correctly. Promotion is a kind of part of public relations – free information about the services or dissemination of activities using the media (e.g., promotion article or interview). Contrary to the promotion, advertising costs and is a targeted specific information about services. The image of the services is formed indirectly through promotion measures (information, feature articles, press conferences, presentations of the eminent persons' etc.). The image of the ads on products is pointed at the society, the ads are informative and show the creation of activities concerning positive values. The image created for advertising uses the following functions: information, persuasion, positioning, reminder, retention of customer loyalty (Žalys L., Žalienė I., Janulienė I. 2005, p. 405).

Another relevant factor with the contribution in the successful development of tourism is marketization of tourism through a 8P model presented by A. Morrison. The model offered by the author includes the following segments: place, product, people, price, packaging, programming, promotion, partnership. Developed types of tourism and services depends on location. The product of tourism in the context is a service provided by tourism. People in this model may be a staff providing a service or customers receiving the service – tourists. Prices can be based on: benefits, sales, competition and cost. Packaging is a multi-element modeling presented as a single product. A product has additional services or some added value so that a product or service become more desirable. A factor of maintenance includes image creation, advertising, promotion. The partnership between various organizations or associations are especially important for small businesses or countries, as it opens up more opportunities for the development (Edgell D. L., Allen M., Smith G., Swanson R. 2008, p. 298). To achieve useful effect of tourism development, sustainable cooperation is required by all mentioned components.

Determining priorities and directions in the strategy of Lithuanian tourism development, the driving forces in Europe, which has and will have an impact on business development, are considered. The strategy distinguishes, alongside the driving forces of Europe: the accession of new countries to the EU; acceleration of globalization; proliferation and spread of new technologies and information, the increasing mobility of the population. In addition to noting the above-mentioned driving forces, also the strategy points out economic growth, demographic factors, influencing the formation and integration of Lithuanian tourism business into the European Union in 2002-2015. The strategy of Lithuanian tourism development states that specific factors contributing to the development of Lithuanian tourism in 2010-2016 are ancient culture of Lithuania and the authenticity of nature of Central Europe.

1.4. European Union's support of the Structural Funds to the development of tourism

The tourism sector as one of the priority objectives for the development is indicated in both Lithuanian and EU Development Policy strategies. The development of the tourism sector is given a particular attention on the impact of the economy, employment, investment, environment, social and cultural spheres. In line with the tourism-related benefits to various sectors and areas, is important to ensure the policy of sustainable development of tourism. For policy making of the development of tourism, investment policy occupies an important place, which is implemented through the various types of instruments. One of the most significant and most resultative instruments are economic (financial). After Lithuania's accession to the EU, Lithuania could get financial support from the EU Structural Funds. One of the noticeable problems is insufficient information dissemination about the EU's Structural Funds and their impact. Considering the problem situation and its relevance, this section presents a system of the EU Structural Funds, distinguishes the EU Structural Funds for tourism, specifying the support of the EU's Structural Funds in Lithuania's tourism. In the Section 1.3. the mentioned topic is specified further while analysing the support of the EU's Structural Funds to Lithuania's tourism.

The principle of solidarity is needed in order to be able to implement one of the main objectives of the EU's structural support – to help economically and socially poor regions, compared with the EU's countries. The principle of cohesion shows that the reduction of income and wealth between poorer and richer regions is beneficial for all EU's members. The policy of reduction of social and economic disparities is given more than 1/3 of the EU's budget (ES struktūrinė parama 2007-2013 metams. Mokslas, ekonomika, sanglauda. 2008).

The Structural Funds is the instrument of the Lisbon objectives to promote economic growth and employment. The support of EU structural funds contributes to the improvement of the

situation of the labor market and strengthening the competitiveness of regions. The EU's investment is focused on infrastructure, innovation and in human capital (European Community, 2006).

The EU's structural funds are provided in accordance with the following principles: programming, concentration, partnership, complementarity and subsidiarity (Grecevičius P., 2002, p. 15]. The principle of programming implies that the EU's structural funds are granted for the execution of integrated and multi-annual programs, as well as for the development programs, complying with the EU guidelines. The European Commission sets the indicative amount of financial support and preparation the guidelines of programs preparation. EU Member States formulate the draft of support program and select particular projects. *The principle of concentration* states that the EU's Structural funds should be used for the least developed regions. Aspects of the principle of concentration can be separated as thematic, geographical and financial, when thematic aspect indicates that EU Structural Funds support is divisible by 3 goals; geographic aspect indicates that only certain regions which meet certain criteria receive EU Structural Funds support; Financial aspect claims that the largest part of the support is given to the regions of the first task. Based on *the principle of partnership* it was alleged that while implementing programming, implementation, monitoring and evaluation of the EU's Structural Funds, it must be consulted with the regional and local authorities, economic and social partners, non-governmental organizations and other competent partners. Also the partnership of the European Commission and EU member states must be developed. *The principle of additionality* states that the EU Structural Funds should complement and not replace public and other structural expenditure of the EU Member States. *The principle of subsidiarity* states that decisions should be taken at the lowest possible level (Nakrošis V.2003).

It is important to note that regional policy of the EU on the form of Structural Funds support rely on investments rather than direct cash cheques. The investment offer opportunities of economic growth of poorer regions and job creation, hence, funds given in a cheque form is a threat and they can be spent not for the investments of economic development but for use (Nakrošis V.2003).

Principles of solidarity and cohesion can be distinguished as essential and implemented by the help of three different EU Structural Funds that are created for different objectives. The support from the European Regional Development Fund is given to reduce the development of regional unevenness, helping more backward regions through the promotion of local development. This fund invests in production, infrastructure, job creation, development and support for small and medium businesses. European Social Fund supports projects related to social problems. The Fund aims to increase the employment and employability of the population in the European Union. Also the support targets education, vocational training, research and development, improvement of the

systems of education and vocational training. In 1993 The Cohesion Fund was established by the Maastricht Treaty. The Fund supports environmental and transport projects (ES struktūrinē parama 2007-2013 metams. Mokslas, ekonomika, sanglauda. 2008). The EU's Structural support objectives provide priorities and these priorities get ES Structural support in the period of 2007-2013. The priority of the convergence is intended to help less developed Member states and regions giving 82% of the total financial allocation of the EU cohesion policy. Regional competitiveness and priority of employment are directed to the more developed regions. The Member States receiving assistance under this priority, are not eligible for support under the priority of convergence. In order to accomplish regional competitiveness and priority of employment, they get 16% of the total financial allocation. The priority of European territorial cooperation is intended for EU borders and for a certain support of areas of territorial cooperation. The priority gets 2.5% of the total EU cohesion policy funds (ES struktūrinē parama 2007-2013 metams. Mokslas, ekonomika, sanglauda. 2008).

Under the program of the period of 2007-2013, the EU Structural Funds support is divided – 16.65% of the funds are given to environment protection and sustainable development, 16.05% for the development of European Transport Networks, 11.14% of the funds are given to the development of local and rural tourism, protection of cultural tourism and regulation of tourism. Comparing the programs of the period 2004-2006 with the period of 2007-2013, the latter program, as noted by the experts, is more fragmented, has more number of participants, while making decisions the EU Member States are allowed to express themselves more. Greater efforts are paid to the selection of projects to ensure the publicity and transparency, including social and economic partners and giving them more power in the decision making. Cohesion Fund program and its priorities, according to the period of 2007-2013, Cohesion Fund program contributes the highest funds to education – 29.92%, in the second place is the improvement of health infrastructure – 15.77 %, in the third place we can see projects on integration of rural and urban renewal – 14.91%, the development of cultural infrastructure gets 5.13% and development of tourism gets 4.34 % as to what is LTL 226,76m. It may be noted that the new program of the period of 2007-2013 from the previous program of the period of 2004-2007 is distinguished for its strong focus on scientific technology, science, innovation, development of the study. In order to establish this priority the Lisbon strategy may have an impact on it because the strategy's concept is based on the knowledge of the society. It is noted that the orientation of the new program is focused on the development of long-acting projects (with 5, 10, 15 years into the future) and also directed to the development of national influence (Global Travel Tourism Career Opportunities. Gerald Mitchell Institute of Tourism Career Development. 2006.)

EU Structural support for Lithuania of the period of 2007-2013 is allocated under the Convergence and the priorities of European Territorial Cooperation. European Social Fund, the European Regional Development Fund and Cohesion Fund will give to Lithuania more than LTL 23 billion. The support foreseen for Lithuania is provided on the basis of the EU Structural Support strategy and its aspects. According to the latter strategy, the government of the Republic of Lithuania, the Parliament and the European Commission approved Lithuania's EU Structural Support strategy of the period of 2007-2013. The strategy distinguishes separated programs by implementing the priority axes: "Human resources development programmes", "Program of economic growth" and "Program of cohesion promotion" (2007-2013 years, ES SF information, 2014).

For this analysed work a first priority of the program of cohesion promotion is significant. The priority is designed for local and urban development, protection of cultural heritage and nature, development of tourism use. In order to implement the relevant priority four instruments are distinguished and for our analysed topic the most important instrument is the third one – promotion of incoming and local tourism while using natural resources, cultural heritage and creating favorable conditions for active recreation. The measures foreseen in this instrument shows that the support is given for the restoration of public heritage objects, reconstruction of the objects of the lasting value, tourism infrastructure, which would attract investment. The measure constitutes that 2-3 multifunctional sports facilities of special national significance will be financed, they receive 25% of the public tourism infrastructure funds. The third part of the measure shows the development of tourist class accommodation (camping and one or two-star hotels) in accordance with the public-private partnership approach, ensuring the non-distortion of competition. Also the measure provides the challenges of expansion in private sector of tourism, development of the products, competition of international development, Lithuanian tourism product demand in foreign markets. Financial support is provided to national and regional authorities and to develop marketing activities in the public sector (Informacija apie 1 prioriteta. Informacinės konsultacijos, 2012).

At the moment in Lithuania, under the first priority for local and urban development, protection of cultural heritage and nature and development of tourism 521 projects are implemented with more than LTL 2 billion 431 million funding (ES struktūrinė parama 2007-2013 m. Centrinė projektų valdymo agentūra, 2015).

1.5. The European Union's structural funds management and administrative framework in Lithuania in the period of 2007-2013

Every country of the EU can individually choose the absorption plan of the EU Structural Funds. Since the EU member states use different absorption systems of EU structural funds, it is difficult to assess and determine which administrative system is the most effective.

The EU countries receiving support from the Structural Funds usually use a dual system: *centralized* (or more centralized) or *decentralized* (or more decentralized) system. The countries who choose the centralized system usually are distinguished as the ones having a small number of authority figures who administrate the EU structural funds. One of the main advantages of this system is the simplicity and coordination. When there is only a few administrative authorities (ministries and departments), it is easier to control institutions and exchange of information. Central authorities having the administrative functions of the EU Structural Funds are noted as having more competence and skills, thus the number of violations of the EU Structural Funds administration decreases and the administration's efficiency increases. The centralized administration system of the EU Structural Funds is applied in Greece, France, the United Kingdom, Portugal (ES struktūrinė parama 2007-2013 m. Centrinė projektų valdymo agentūra, 2015).

The decentralized system is characterised as having more administering authority figures of the EU structural funds, it also has a mechanism of decentralization functions, while fully or partially assigning implementation function to regional authorities. The system's key advantage is – regional or local authorities are more accurate and effective, while assigning the functions of managing and implementation; because these institutions are more aware of their region's surroundings, they have a closer knowledge of region's advantages and disadvantages, and therefore can allocate funds for specific projects and improve the targeting of the spending. Thereby the selection of projects and their funding is becoming more efficient. One of the significant drawbacks of this system is that for the state it costs more to maintain the decentralized system. The federal State usually use the decentralized system. For example, Germany, Austria, Belgium, the Netherlands, Denmark and Ireland. Ireland, before using the model of decentralized system, initially applied the centralized management of the structural funds (ES struktūrinė parama 2007-2013 m. Centrinė projektų valdymo agentūra, 2015).

Using the support of the EU structural funds of the period of 2004-2006 Lithuania selected the centralized system. They choose this system because of the short support period and because Lithuanian regions lacked administrative capacity. While using the support of the period of 2007-2013, Lithuania has made some changes. Regions were involved in the project design. Municipalities gained more functions and competencies in the management and implementation of the support program. Municipalities have the right to plan activities in accordance with the

program, within the limits of their competence. Also during this period councils of regional development are forming a common list of projects for regions. Lithuania's regional policy strategy stipulates the priority areas. These areas are established as a priority for the EU structural funds – Alytus, Marijampolė, Mažeikiai, Tauragė, Telšiai, Utena and Visaginas. Also problem areas of the priority areas are singled, for example, municipalities with the greatest social and economic development problems. New fields of investment have opened up to the municipalities; investment in rural areas and enhancing the attractiveness of these areas to attract people to live there. Thereby an opportunity to earn money is created for villagers. Calls for tenders are made in order to save the time of the project promoters and administering institutions, while planning projects in accordance with the planning of normal strategy and budgetary [43].

According to the Resolution of the Government of the Republic of Lithuania, 17 October, 2007 No 1139 “On the distribution of responsibilities and functions between the institutions implementing the European Union structural assistance strategy and action programs, 2007-2013”. Institutional roles and responsibilities are regulated and allocated in it. Ministry of Finance of the Republic of Lithuania will perform these roles: to ensure the coordination and coherence of activities among programs, leadership, approval of the projects, making payments. The coordinating authority is assigned to the coordination of the EU framework for planning and use, establishment of management and control systems, their control and supervision. Managing authority is responsible for the management of operational programs and their implementation. Certifying authority is responsible for approval of payment applications for their access to the European Commission. The paying authority is responsible for the payments from the European Commission and the payment to project promoters [43].

The Ministry of the Environment Ministry of Social Security and Labour, Ministry of Health, Ministry of Education and Science, Ministry of Economy, Ministry of the Interior and Information Society Development Committee are responsible for the planning and use of support for specific sectors of the economy, annexes planning of operational programs, support implementation of priorities and selection criteria. Ministries should plan and distribute parts of EU structural support through regional selection of the projects, selection of the state projects and through an open tender [43].

Functions of implementing institutions are assigned to Environmental Projects Management Agency under the Ministry of Environment, European Social Fund Agency, Transport Investment Directorate, Central Project Management Agency, Public Institution Lithuanian Business Support Agency, UAB "Investicijų ir verslo garantijos" (a joint-stock company) in their capacity as authorities. The mentioned institutions are responsible for managing projects, the publication of the calls for proposals, the evaluation of project proposals, determination of the part

of the EU support project, creation of support contracts and counseling of project promoters and beneficiaries.

Functions of institutions have strategic and administrative levels of responsibility sharing. Strategic-level functions are performed by the Coordinating Authority (the Ministry of Finance) and the Regional Development Councils. Authorities of managing, certifying and making payments and entrusted to perform administrative and technical functions. The described administration of the EU support of the period of 2007-2013 is illustrated in the scheme. Operational Programme for Promotion of Cohesion formulated four priorities and according to these priorities the EU Structural Funds are provided. (see. Fig. 3) (ES struktūrinė parama 2007-2013 m. Centrinė projektų valdymo agentūra, 2015).

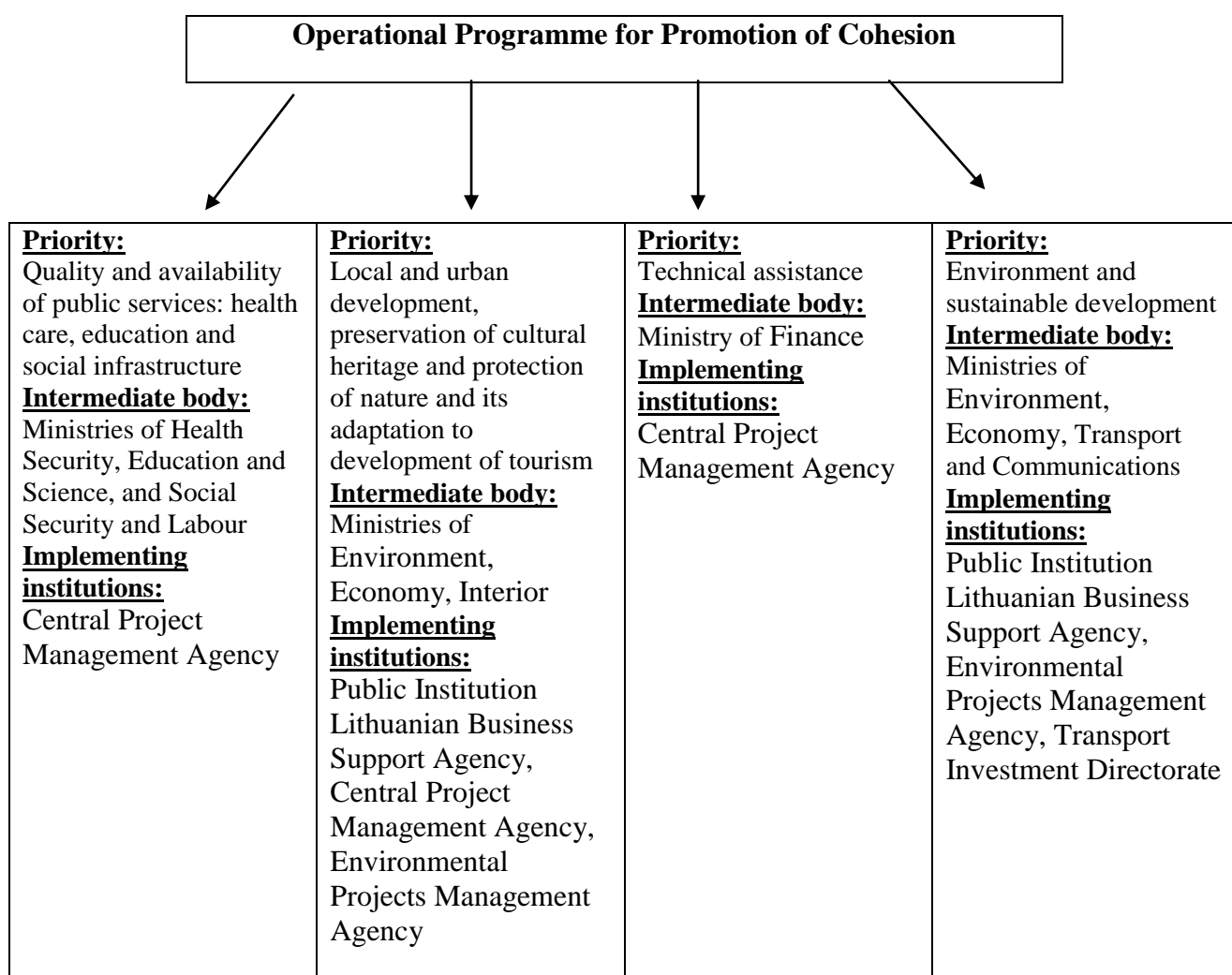


Fig. 3. Priorities of Operational Programme for Promotion of Cohesion, intermediate and implementing institutions

Source: prepared in accordance with the information of the EU Structural funds of the period of 2007-2013

The EU Structural Funds support of the period of 2007-2013 is granted in three ways: official selection of projects, selection of regional projects and an open tender. National selection of projects is carried out by intermediate bodies, they use the documents of strategic planning, plans of strategic action, programs of the institutions and selection criteria of the projects approved by the Monitoring Committee. Regional Development Council performs regional selection of the projects. Institutions, implementing the projects, call for tenders [43].

The assessment of the projects procedures in Lithuania of the period of 2004-2006 and 2007-2013 shows that the current EU Structural Funds administration system is superior because it has a higher clearance of flexibility and gives more freedom to plan and implement projects to local authorities and regional development councils. While giving more freedom and competencies to regions and municipalities, the EU Structural Funds are allocated more effectively. The only defect of the decentralized system is seen, which is a long period of time, passing from evaluation of the project to the signing of the grant contract (from 3 to 6 months.), as the applications for projects should be evaluated by both implementing and intermediate body.

1.6. EU investment benefits: statistical indicators

In various European Union countries the EU funds are used for different forms of development. Across all regions of Europe the European Union is investing in various projects from the European Regional Development Fund (ERDF), the European Social Fund (ESF) (known as the Structural Funds) and the Cohesion Fund (CF). The main objective of the investment is to promote economic and social cohesion at the same time reducing disparities between the Member States and the regions (European Cohesion Policy in Lithuania). For the period 2007-2013 the Cohesion policy resulted in an allocation to 347 billion EUR.

For 2007-2013 1.57 billion EUR was allocated to Lithuania to improve infrastructure and accessibility, 1.48 billion EUR was allocated for research and development, 2.4 billion EUR was earmarked to the improvement of environment, sustainable economic growth and to combat climate change, 516 million EUR was allotted for business support.

Table 1. Funds for Lithuania for 2007-2013, Bn. EUR

Purpose	Fund	EU	National public	National private	Total
Convergence ²	CF	2.3	0.4	0.1	2.8
	ERDF	3.4	0.5	0.4	4.3
	ESF	1	0.1	0.1	1.2
Convergence in total		6.7			
European Territorial Cooperation in total	ERDF	0.1	-	-	0.1
TOTAL:		6.8	1	0.6	8.4

Source: European Cohesion policy in Lithuania

For 2007-2013 1.7 billion EUR was allocated to Latvia to improve infrastructure, 1 billion EUR was allocated for preservation of the environment, support of growth, and to combat climate change, 1 billion EUR was allocated to research and development, 380 million EUR is dedicated to education and science.

Table 2. Funds for Latvia for 2007-2013, Bn. EUR

Purpose	Fund	EU	National public	National private	Total
Convergence	CF	1.5	0.3	0.2	2
	ERDF	2.4	0.4	0.3	3.1
	ESF	0.6	0.1	0.02	0.7
Convergence in total		4.5			
European Territorial Cooperation in total	ERDF	0.1	-	-	0.1
TOTAL:		4.6	0.8	0.5	5.9

Source: European Cohesion Policy in Latvia

For 2007-2013 1.2 billion EUR was allocated to Estonia for environmental conservation, more than 822 million EUR was granted for research, development and innovation, 682 million EUR is given for the transport system and the availability improvement in Estonia.

Table 3. Funds for Estonia for 2007-2013, Bn. EUR

Purpose	Fund	EU	National public	National private	Total
Convergence	CF	1.1	0.2	0.2	1.3

² Konvergencijos tikslas taikomas regionams, kuriems būdingi žemi BVP ir užimtumo lygiai. BVP vienam gyventojui yra mažesnis nei 75 % ES vidurkio, buvusio nuo 2000 iki 2002 metų. Jis taikomas 99 regionams, kuriuose gyvena 35 % ES-27 gyventojų, o jo siekis – gerinti ekonomikos augimo sąlygas ir aplinkybes, kurios veda konvergencijos link realiuoju laiku mažiausiai išsivysčiusiose valstybėse narėse ir regionuose. Reikėtų pažymėti, kad kaimo plėtros ir žuvininkystės politika yra atskira ir čia neapariama.

	ERDF	1.9	0.2	0.2	2.1
	ESF	0.4	0.05	0.05	0.5
Convergence in total		3.4			
European Territorial Cooperation in total	ERDF	0.05	-	-	0.05
TOTAL:		3.4	0.45	0.45	3.9

Source: European Cohesion Policy in Estonia

In view of the above, each of the analyzed countries had different priorities, and the funding of implementation of these priorities is unequal; Lithuania and Latvia consider transport infrastructure, while Estonia wanted to protect and improve the environment.

As regards Figure 4, for the period 2007-2013 the maximum amount of funding from the European Social Fund was intended for Lithuania, it exceeds Latvian and Estonian amount of financing. To compare the funding among the countries, a rate of funding per capita is analyzed. Therefore, Lithuania's per capita got 345 EUR of the funding, Latvia's per capita – 271 EUR, and Estonia's 294 EUR. Hence, this shows that Lithuania received the largest funding, while Latvia got the smallest.

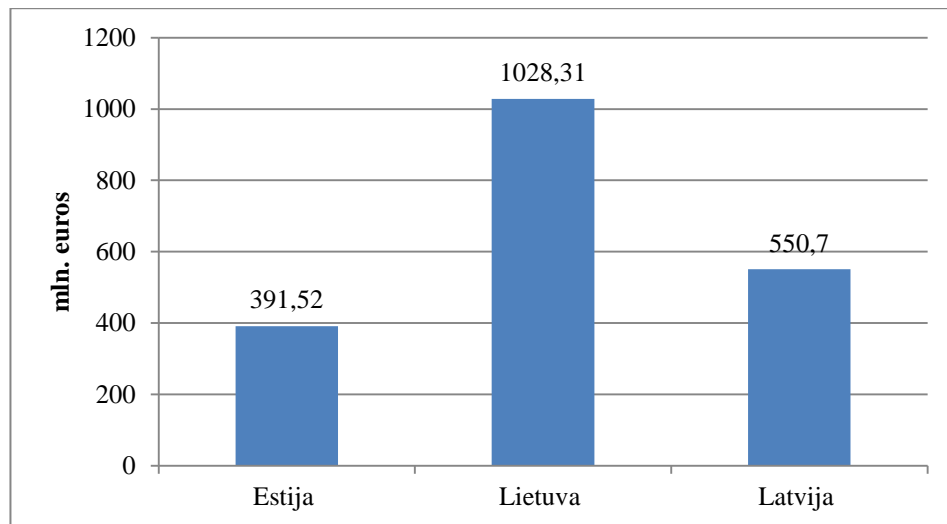


Fig. 4. For the European Social Fund for the period 2007-2013.

Source: created by the author; based on the European Commission's Directorate-General for Budget (01/06/2013).

As the Figure 5 shows, for the period 2007-2013 the funding for Lithuania of European Regional Development Fund was also the biggest, the lowest funding was given to Estonia. The analysis of funding per capita demonstrated that Lithuania's per capita gets 1.155 EUR of financing, Latvia's per capita gets 1.182 EUR, and Estonia's per capita – 1.398 EUR. Thus, according to this Fund, the largest funding has been allocated to Estonia, while the lowest for Lithuania.

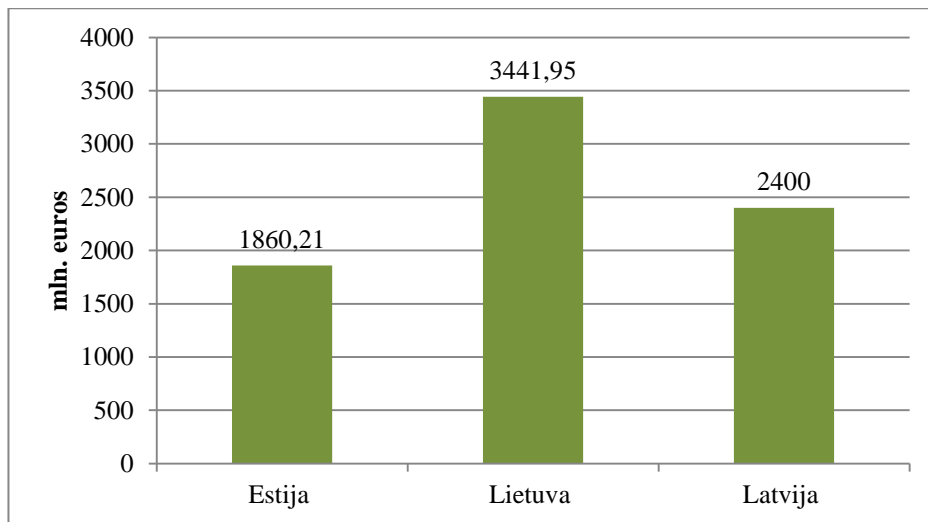


Fig. 5. for the European Regional Development Fund, for the period 2007-2013.

Source: created by the author; based on the European Commission's Directorate-General for Budget (01/06/2013).

As the Figure 6 shows, as in the case dealt with the previous funds, while analyzing the absolute funding the largest funding has been allocated to Lithuania. However, the analysis of funding per capita shows different results. Lithuania's per capita – 773 EUR of the funding of the Cohesion Fund, Latvia's per capita – 759 EUR, and Estonia's – 866 EUR. Thus, the maximum funding has been allocated to Estonia, while the lowest was given to Latvia, but the difference between Lithuania and Latvia was not significant.

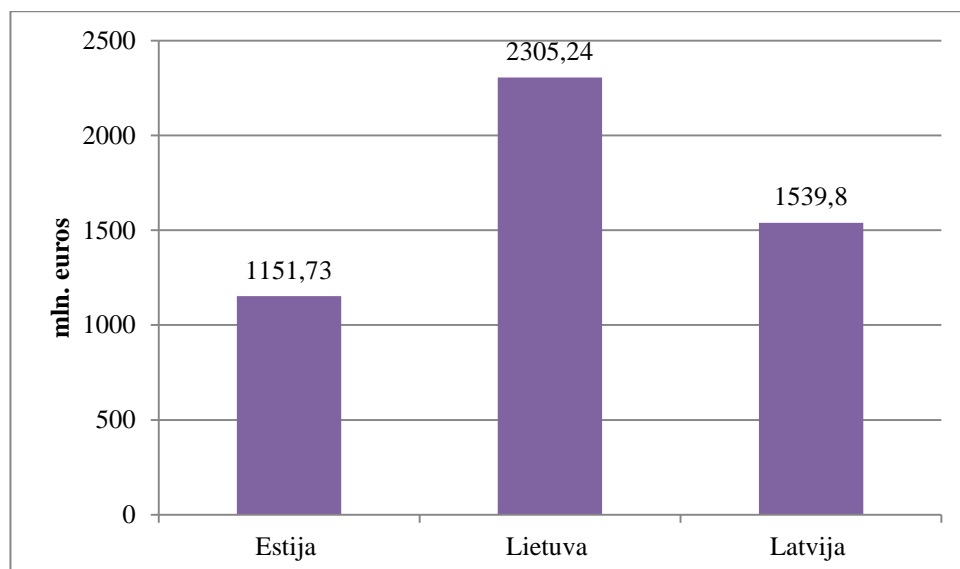


Fig. 6. for the Cohesion Fund, for the period 2007-2013. Source: created by the author; based on the European Commission's Directorate-General for Budget (01/06/2013).

As the Table 4 demonstrates, according to the EC's payments made under the ESF Latvia is on the top, which got about 80 percent of the total ESF funding. This indicator in Estonia exceeded two thirds, while in Lithuania the indicator is composed about 55 percent, which means that Lithuania got the least of intermediate payments; it can be assessed negatively in the context of other countries, and to be associated with problems of funds absorption. Intermediate payments of funding of the ERDF and the CF of total funding were even lower than the ESF's.

Table 4. Interim payments made by the EC and payments made on the part of the total EU Structural Funds

Member State of the EU	Data of the ESF		Data of the ERDF and the CF		Interim payments made by the EC made on the part of the total EU Structural Funds
	million EUR	percent	million EUR	percent	percent
Estonia (EE)	259	66.20%	1743.8	57.90%	58.80%
Lithuania (LT)	573.6	55.80%	3033.1	52.80%	53.20%
Latvia (LV)	440.2	79.90%	1686.8	42.80%	47.40%

Source: created by the author; based on the European Commission's Directorate-General for Budget (01/06/2013).

The biggest amount of the interim payments (under the part of the total funding) were made for Estonia, but the indicator doesn't even reach 60 percent; the next state under consideration of the indicator is Lithuania, about 52 percent of the payments were carried out for Lithuania, while Latvia got only about 42 percent of the total funding. This means that all countries are facing difficulties in absorbing and utilizing the funds.

After the analysis of the total of the payments, it was found that the best situation in this respect is in Estonia, while the most difficult situation is in Latvia; 60 percent of the payments are made in Estonia, more than a half payments are made in Lithuania, while in Latvia about 47 percent of the payments are delivered.

II. RESEARCH METHODOLOGY

Master thesis is designed on the basis of scientific approach; the logical course of the study is presented (see Fig. 7). To optimize the test results, it is appropriate to choose the most appropriate methods for this investigation. Properly chosen method will determine a lot, whether the research problem will be successfully solved, or if the objective of the work will be achieved (Nausediene, 2005, p. 37). A. Gintalas (2011) said that the term method refers to the assimilation of measures of practical or theoretical reality and a set of operations. The main function of the method is the inner knowledge of the process or practice organization and regulation of one or another object (p. 988). The study consists of mixed methods - research strategy for analyzing the phenomenon of several positions. Qualitative research methods to collect as much objective information to determine the characteristics of certain institutions (Bitinas et al., 2008). Qualitative research results, as Bitinas B. (2006) said, are expressed in language, rather than numbers. According to other authors quantitative study is a method of getting information which is not expressed by quantitative indicators, and quantitative study is the study based on quantitative measurements of collection, processing and evaluation (Tidikis, 2003). Data gathered by a quantitative method are the indicators reflecting statistics and causal relations that are accessible through the method of comparison, correlation, mathematical (Nausediene, 2005, p. 38).

Nowadays, the divides between quantitative and qualitative methodologies are no longer compatible (Robson, 2002, p. 43), but it is clear that these two research methodologies are different in terms of how and what indicators are chosen for different events or concepts to investigate and how they are subsequently measured. Quantitative access is usually based on clearly and directly measurable indicators and further calculation; and qualitative is based on qualitative categories, which do not necessarily have to be directly measurable (it is enough to be understood by the human mind); later they are classified or their various interfaces networks are concluded (Morkevičius, 2005, p. 75). G. Merkys (1995) believes that by combining different methods one aims to look at the problem from different perspective (with quantitative methods - to look at the width and qualitative - in depth). The chances for more comprehensive and reliable study data are increased. After conducting the qualitative and quantitative analysis of the survey the results of the study are compared, summarized and discussed in the context of scientific research results; action plan of management improvement of the bank talent is based according to these results. Various researchers (Golafshani, 2003; Spicer, 2004; Hussein, 2009) agree with the provision that the qualitative and quantitative studies can be successfully and effectively combined in the social sciences.

The work carried out qualitative and quantitative research.

To analyze principles, benefits and prospects of the future of Lithuanian regional policy, expert evaluation was carried out - a qualitative research. This method was chosen to obtain stable data and a different approach of the experts of the same phenomenon. Also different approach of individuals in this study allowed to form reliable conclusions on skilled and reliable information on the subject of the evaluation – regional policy. For selected expert competence the study was reliable and exhaustive. Expert assessments are provided in the form of the questionnaire (see Annex 1). The study used the unstructured expert interview. During the study 7 experts from different regions were interviewed. Different regions have been chosen to present the real situation in Lithuania. Questions have been made on the basis of three basic constructs: current and former situation of the regional policy issues, relation to the competitiveness perspective, as well as the current financial mechanism of the benefits and reasons why the EU's regional policy promotion is not efficient / low efficient; and the third construct consists of future perspectives and recommendations. Aim of the qualitative study - to determine Lithuanian regional policy features and absorption efficiency, as well as the main positive and negative aspects.

Statistical data is used to perform an analysis of the EU structural support for Siauliai and Pardubice regions. Data is collected from reports, statistics, reports on the EU funds support.

To ensure that this study suits the topic, the work was carried out based on the survey, which was presented systematically.

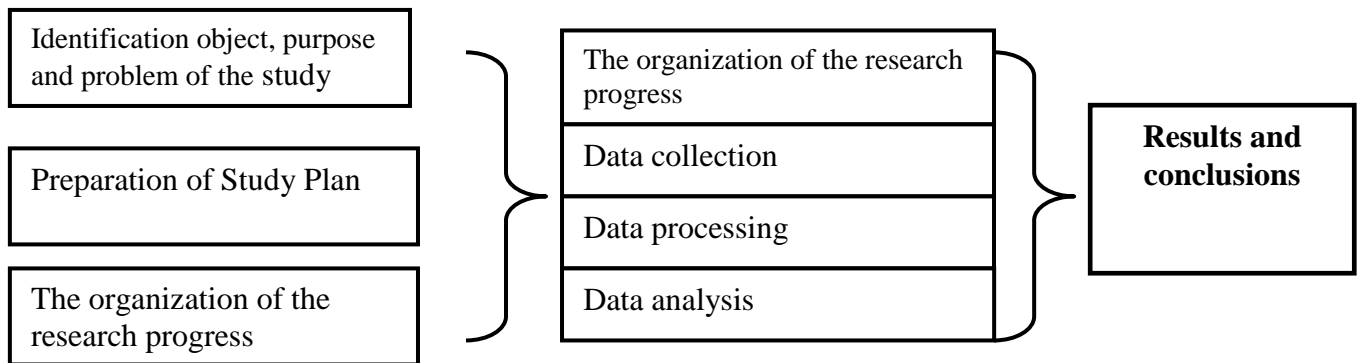


Fig. 7. The study scheme

III. PRACTICAL REVIEW OF SIAULIAI AND PARDUBICE REGIONS PROJECTS SUPPORTING TOURISM ACTIVITY

3.1. The current situation in Siauliai district review and analysis

Siauliai city (1995–2010 m.) is one of the ten counties in Lithuania. It is a territorial unit in the north of the city, and its capital is Siauliai. In the north the county borders with the territory of Latvia, in the west – with Telsiai city, in the southwest – with Taurage city, in the south – with Kaunas city, and in the east – with Panevezys city. The center of Siauliai city is in the north of Lithuania. Alternatively Siauliai is known as the City of Sun. Its years Siauliai city is counting from the Battle of Saulė (the Battle of Sun), which took place in 22 of September 1236.

Siauliai city consists of the following territories: Akmenė, Joniskis, Kelme, Pakruojis, Radviliskis, Siauliai District Municipality and the Municipality of Siauliai. Siauliai city consists of 14 cities, the largest ones are: Siauliai, Radviliskis, Kursenai, Naujoji Akmene and Joniskis.

The territory of Siauliai city: the urban area – 81.13 km², green areas – 18,87 km², areas of water – 12.78 km² (Siauliai tourism information center, 2016). In January Siauliai urban area has the average air temperature of – 7 °C, while in July it is + 18 °C, the amount of precipitation during the year is 538.5 mm (Siauliai tourism information center, 2016). From other cities Siauliai city is located at a distance of: capital Vilnius – 214 km; Kaunas city– 142 km; Klaipeda city – 165 km; Riga city – 128 km; Kaliningrad city – 250 km (Siauliai tourism information center, 2016).

The analysis of the Statistics Lithuania provided data about the people living in the county showed a tendency of population decline in the period of 2013–2016.

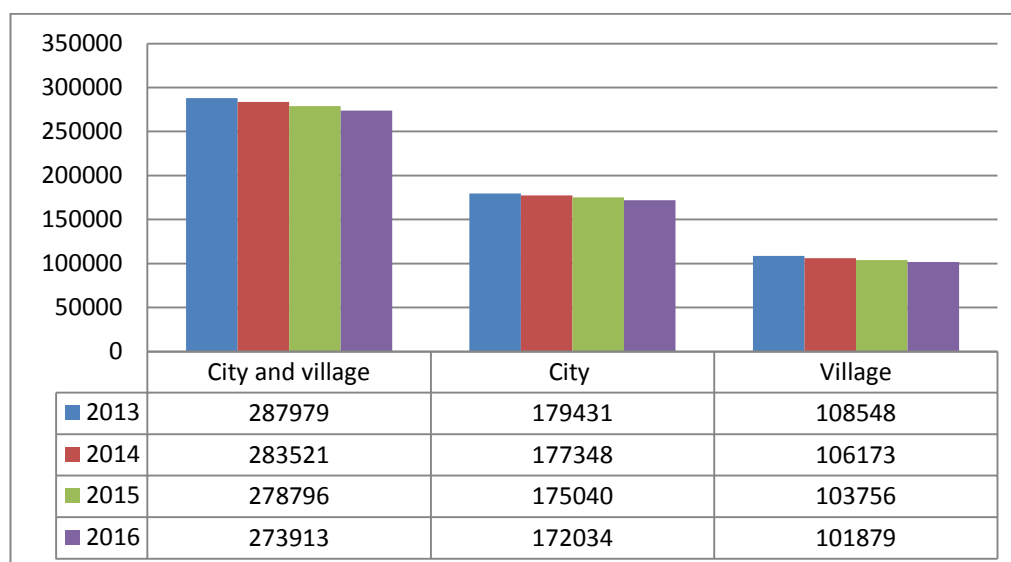


Fig. 8. The total resident population on 1 of July in Siauliai city, people.

Source: structured by the author based on the data of Statistics Lithuania in 2016.

The maximum number of people (287,979) living in Siauliai city's cities and villages was in 2013, while the least (273,913) was in 2016. Therefore, comparing the population of the year 2013 to the year of 2016, it can be seen that population decreased by 14066 people. It can also be noted that there are more people living in the cities of Siauliai city rather than in the villages.

At the beginning of the trip in Siauliai city you can first visit St. Peter and Paul Cathedral. Renaissance architectural monument St. Peter and Paul's Cathedral is the most striking landmark of the city. There is the sundial equipped on the southern facade of the church; it is one of the oldest sundials which will help you understand how much we have moved away from the Mother Nature. However, if by chance there is a foggy day and you cannot see the time index of the shadow on the cathedral walls that shows the time by the sun, go and look for the sun at ... the Sundial Square. Location for the new architectural ensemble was chosen between the old part of the city, the Catholic cemetery and Talksa Lake; and in the middle of the square you can see a four meters tall sculpture "The Archer". The main idea of the square is to give a sense to the three most important symbols of Siauliai city: the Sun, remembering the Battle of the Sun, which took place in Siauliai land, the archer (lt. Šaulys), associated with the origin of the name of the city, and time that has passed since the day when the name of the city was mentioned for the first time. It is also known as the "Golden boy". Near the Sundial Square there is Talksa Lake with a sculpture of "The iron fox". In a short time it becomes a real attraction for newcomers (and not only for them); usually everyone hugs the legs of the Fox and takes a picture with the largest animal sculpture, which is included in Lithuanian Book of Records.

Siauliai is a unique city of museums, which invites to visit "The Photography museum", "The chocolate museum", "The Angel museum". Siauliai is famous in Lithuania for the only "The Cat Museum" and "Bicycle museum". In the list of places to visit another object is included – Lithuanian Hill of crosses in Siauliai. This is a unique sacred place, which every year is visited by more than 500 000 tourists. It was estimated that there are about 100 000 crosses from around the world.

During the first half of 2016 Siauliai tourism information center and the travelling center offices were visited by 14.049 tourists. The number of tourists compared to last year have has increased by 58 %; In the report of Siauliai tourism information center it was published that in first half of 2015 5921 tourists visited Siauliai.

Director of Siauliai tourism information center Ruta Stankuviene says: "The number of tourist are attracted because of the festivals in Siauliai city: Easter Festivity "Marguok", which takes place in March for 3 days, or initiative "Tasting Lithuania" (lt. Ragauju Lietuvą) – tourists and other people can taste Lithuanian cuisine in various restaurants, a traditional and continuous folk music festival "Ant rubežiaus", Lithuanian Olympic day, International competitions, contests (e.g.,

International Dog Show), “The Europe day” celebration and many others”. During the first half of the year the number of trips was 36, which is more than double at the same period of last year.

Therefore, despite the decline in population in the region of Siauliai the excellent tourism infrastructure attracts more and more not only local tourists, but also from foreign countries. The data of Siauliai tourism information center indicates that in 2016 most tourists came from Latvia, Spain, France, Japan, Russia; also from various Lithuania cities – Birštonas, Skuodas, Panevezys, Kaunas, Vilnius.

3.2. The Current situation in Pardubice region review and analysis

Pardubice Region is a region that is as flat as a table with a solitary, though very striking, bump: Kunětická Mountain. It is part of the so-called Gold Ribbon of the Czech Republic, the most fertile part of the Polab Lowlands. Vast flowered meadows, historical irrigation canals and ponds are characteristic of this district. Pardubicko is home to numerous protected areas, such as primeval forest, a charming park with sycamores and ancient oak trees in Choltice, and a typical Polab landscape in the environs of Lázně Bohdaneč. This region is rich in monuments, including the Gothic-Renaissance chateau and historical centre in Pardubice, the castle on Kunětická Mountain, the Baroque chateau in Choltice and several religious structures, including the Romanesque church in Kojice and, finally, the wood church in Veliny. Pardubicko’s landscape has plenty to offer cyclists and fishing enthusiasts.

The total population of the Pardubice Region was 516,411 as of 31 December 2011.^[3] There are in total 453 municipalities in the Pardubice Region, whereof 17 municipalities have a higher population than 5,000. The largest municipality of the region is Pardubice with a population of almost 90,000. The table below shows the municipalities in Pardubice Region with a population larger than 10,000 (https://en.wikipedia.org/wiki/Pardubice_Region).

The natural dominant feature and symbol of Pardubicko is the castle on Kunětická Mountain. This region is also well-known for gingerbread and horses. Partly because Pardubice has half a horse (the front half) in its emblem, and partly because just a couple of kilometers beyond the Labe River there is a well-known stud farm in Kladruby nad Labem. And, thirdly, the world-famous Grand Pardubice (Velká pardubická) Steeplechase, one of the most difficult races in the world, has been taking place in Pardubice since 1874.

And Pardubice’s gingerbread is as famous as, for instance, Štramberk ears (a sweet pastry), Olomouc tvarůžky (a very strong cheese), or Pilsner beer (beer from the town of Pilsen). Most of it is decorated and produced in various forms – from flat shapes to three-dimensional works of art, such as gingerbread cottages. Special series are produced for special times of the year – e.g. Easter, Mother’s Day, Valentine’s Day, St. Nicholas’ Day, Christmas – and in honour of various fairy tales.

The Gingerbread Headquarters, the Gingerbread Museum and their fairy-tale environs are situated at Kunětická Mountain (<http://en.pardubice-region.com/pardubice-region-basic-info/>)

Pardubice is a diverse region, which has a lot to offer nature, history and sports lovers. Na Several protected territories are found here, such as the beautiful sycamore and one-hundred year old oak tree park in Choltice or the landscape in the surroundings of Bohdaneč Spa – the only spa in the region, including the highly valued National Bohdaneč pond nature reserve and other remains of the extensive Pernštejn pond complex from the turn of the 16th century. Its source was the Labe River, artificially built, the over 32 km long Opatovický Channel , which still serves today and is a significant natural and architectural-technological monument in the region (<http://en.pardubice-region.com/pardubice-region-basic-info/>).

Pardubice regione taip pat galima aplankyti šiuos kultūros objektus: the gothic - renaissance chateau and historical centre in Pardubice, the castle on Kuněticka Mountain - the natural dominant point of the Pardubice region, the baroque chateau in Choltice and a number of examples of valuable folk architecture and religious buildings starting from the Romanesque church in Kojice and ending with the wooden church of St. Nicolas in Veliny A truly exceptional monument is the horse-breeding farm in Kladruby nad Labem, famous for breeding old Kladruby horses. Not only is Pardubice the centre of the entire region, it also includes the front half of a horse in its city emblem, but primarily the world famous Grand Pardubice Steeplechase has been ridden here for more than one-hundred years, one of the most difficult races in Europe. In nearby Slatiňany, in addition to the horse-breeding farm you can find the very interesting hippological museum Whether it is decorated, or filled, surely nobody can resist, and for true gourmands, there is a temptation here in the form of a Gingerbread district below Kuněticka Mountain, where you can find the unique Museum of Gingerbread and Fairytales (<http://en.pardubice-region.com/welcome-to-the-pardubice-region-the-gingerbread-heart-of-bohemia/>).

Meanwhile tourist arrived in Pardubice region: The decline was not even across the country, and some areas even saw an increase. "From regional point of view, the highest drop was shown by accommodation establishments in Hradec Kralove region by 12.1 percent and Pardubice region by 11.4 percent. In contrast there was a growth in the number of overnight stays in four regions. An increase over 1 percentage point was reported by Olomouc (by 1.4 percent) and Zlin, region (by 1.3 percent)," the CSU said.

3.3 The project activity and its funding

3.3.1 EU investments to tourism in Siauliai and Pardubice regions in 2004-2006 years

The total EU Structural Funds and SAPARD assistance for agricultural and rural development are estimated for LTL 41.7 million by 2006, December. The main share of support was provided for Vilnius and Siauliai regions projects; Vilnius region got LTL 14.7 million and Alytus region got LTL 7.8 million. Meanwhile, regions of Telsiai and Taurage for this activity got only LTL 0.07 million and LTL 1 million. It was caused by the small and regional rural tourism and crafts developers passivity for providing the applications for the support.

Analysis of SAPARD assistance. According to the Special Accession Programme for Agriculture and Rural Development (SAPARD) Axis III „The quality of life in rural areas and diversification of the rural economy“ 2nd sector „Tourism and recreation services“ support amounts in LTL 6.2 million. Under the direction of 5 sector of „Traditional Crafts“ applications for funding projects were not submitted, therefore, the support was not enlisted.

Table 5. Received and approved applications form National Paying Agency under the Ministry of Agriculture for SAPARD support under the direction of „Development of economic activities and the promotion of alternative income“

Regions	Development of economic activities and the promotion of alternative income				For rural tourism and recreation services			
	Received application		Signed contracts		Received application		Signed contracts	
	Unit	Amount	Unit	Amount	Unit	Amount	Unit	Amount
Alytus	10	7,599	8	5,708				
Kaunas	16	12,603	14	11,079	8	4,634	5	2,671
Klaipeda	9	6,672	3	2,565	5	3,418	1	789
Marijampole	2	2,409	1	1,176				
Panevezys	4	2,579	1	216	1	414		
Siauliai	8	5,828	4	2,803	2	1,500		
Taurage	8	5,897	1	347	6	3,445	1	347
Telsiai	2	975	2	923	1	115	1	70
Utenos	17	6,333	7	2,467	11	3,204	5	1,775
Vilniaus	20	11,436	11	6,873	11	3,685	4	561
Total	96	62,331	52	34,157	45	20,414	17	6,214

Source: SAPARD statistics// <http://www.nma.lt>

Regions of Alytaus and Marijampole have not submitted applications of SAPARD support for rural tourism projects. Panevezys region submitted one application, Siauliai region filed two applications, and however, Sapard assistance was not given to any of the projects in these regions.

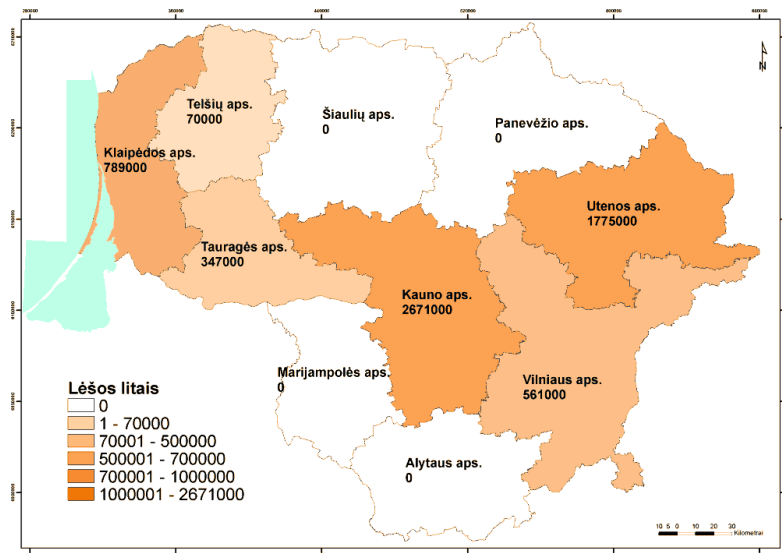


Fig. 9. SAPARD assistance for rural tourism projects according to the regions

Source: National Paying Agency under the Ministry of Agriculture

Under SAPARD Axis III „Development of economic activities and the promotion of alternative income“, 2nd sector „Tourism and recreation services“ a total number of 45 applications were submitted requesting for more than 20 million. The support is allocated for 17 projects of LTL 6.2 million. It should also be noted that in accordance with the direction of 5 sector „Traditional Crafts“ no application has been submitted.

The preparation of priority sectors expected that the program will encourage new business creation in rural areas; also it will create value sources from the increase of domestic production. It was planned that if farming due to adverse conditions is unprofitable, then rural tourism will become a new source of income. However, the SAPARD implementation did not become an approach to solving problems of rural employment and income. Even though most of the projects have been provided for rural tourism sector, but SAPARD support helped to create jobs in other sectors. Rural tourism development is generally limited to the level of the family business and jobs only for family members.

Exclusion of rural tourism and leisure to individual sectors shows that this commercial activity of the rural development in strategy documents named as quite significant. However, according to the National Paying Agency under the Ministry of Agriculture during the entire period of the SAPARD program development of these activities got only one percent of the SAPARD program.

While analyzing the rural tourism development policies, it is necessary to bear in mind that for Lithuania's integration into the European Union regional rural development projects were encouraged; in these projects the priority was given for preservation of rural cultural identities. In

most European Union countries, documents of agricultural and rural development program focus on ethnic culture and architecture fostering through various projects. Also Lithuanian agriculture and rural development provisions focus on ethnic culture and the renewal of old rural architecture and ethnic traditions. These provisions are easier to implement through the development of rural tourism.

Conversion of tables and graphs design (Czech Republic).

Table 6. Grant programmes and individual subsidies in tourism area

Programme	Number of projects	Allocated funds (thousands of CZK)
Support of building of tourism infrastructure in the Pardubice Region	17	3096,70
Support to prepare advertising materials to increase tourism in the Pardubice Region	4	110,40
Support of tourism products in the Pardubice Region	1	29,76
Subsidies for operation of tourism information centres in the Pardubice Region	36	1200,00
Individual subsidies to tourism area	20	2274,80
Total	78	6711,66

Based on numbers of grant programs and individual grants in tourism, it was found that most of the projects were given to the program of Subsidies for operation of tourism information centers in the Pardubice Region. This program was designed for 36 projects; Program of individual subsidies to tourism area is in the second place for the highest number of projects (20 projects). Meanwhile, lowest number of projects (4 projects) was given for a program of Support to the filling of advertising materials to Increase tourism in the Pardubice Region; and Support of tourism products in the Pardubice Region program was designed for only one project, which represents the smallest number of all projects applications. In summary, it can be said that the biggest number of projects were designed for the implementation of the program of Subsidies for operation of tourism information centers in the Pardubice Region, while the smallest number was for Support of tourism products in the Pardubice Region.

The situation is different with the financing of the programs; most funds were allocated for the program of Support of building of tourism infrastructure in the Pardubice Region, despite the fact that this program was designed for only 17 projects, which is not the maximum number of projects compared to other projects programs. This program was designed to CZK 3,096.70 thousands of financing. In second place according to the financing of the funds was allocated to the

program Individual subsidies to tourism area, which was designed of CZK 2,274.80 thousands, while the in third place – the program of Subsidies for operation of tourism information centers in the Pardubice Region got CZK 1200.00 thousands of financing. As was already established the project in the third place according to the funding it got the largest number of projects. Minimum (CZK 29.76 thousands) funding was allocated to the program Support of tourism products in the Pardubice Region, to implement the program only one project was given. In summary, it was found that most of the funding went to projects for the implementation of the Support of building of tourism infrastructure in the Pardubice Region program, and minimum funding was given for the program of Support of tourism products in the Pardubice Region.

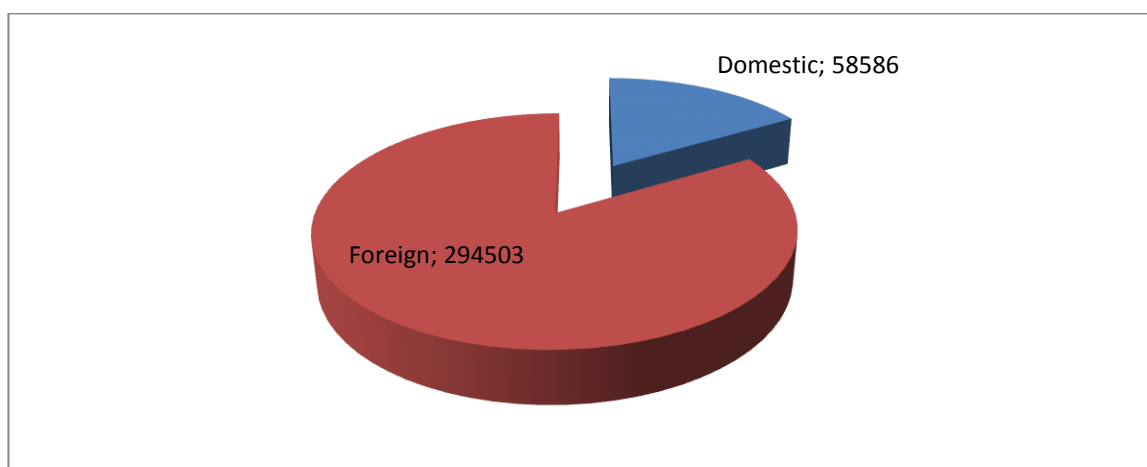


Fig. 10. Visitors to the Pardubice region in 2006

The analysis of tourists in 2006 who visited the Pardubice region, it was found that 294,503 foreign tourists visited this region, while the number of local tourists – 58,586. Summarizing the number of tourists who visited the Pardubice region in 2006, it was found that more than 235,917 foreign tourists visited the place comparing with the local tourists, this suggests that this region of the Czech Republic is more interesting for foreign tourists.

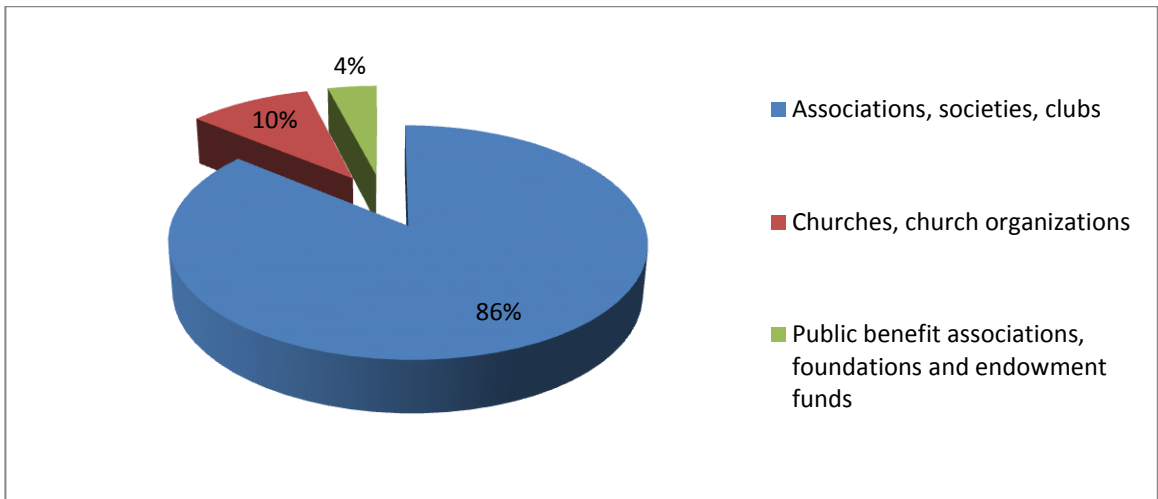


Fig. 11. Non-government non-profit organization structure in the Pardubice region

The analysis of the non-profit organization structures in the Pardubice region, it was found that this area has 86 % of associations, unions and clubs. 10 % for non-profit organization is composed of churches and church organizations. Meanwhile, the minimum 4 % in the Pardubice region are public benefit associations, foundations and endowment funds. Therefore, the analysis of the non-profit organization structures in the Pardubice region suggests that this area has a lot of associations, societies and clubs, and few public benefit associations, foundations and endowment funds.

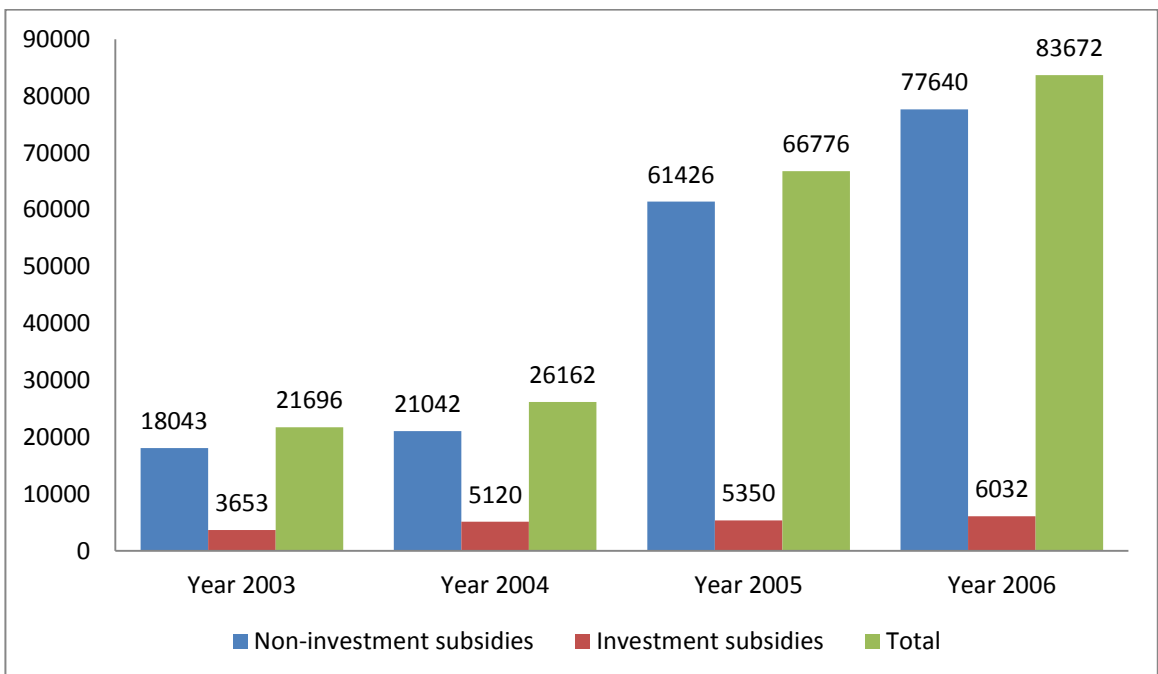


Fig. 12. Grants and individual subsidies in the area of non-profit sector in the years 2003–2006 (thousands of CZK)

According to the Pardubice region designed individual grants and subsidies in the area of non-profit sector in the period of 2003-2006, it was found that both the non-investment subsidies and investment subsidies during the period of 2003-2006 only have increased. The lowest non-investment subsidies were in 2003; the amount was CZK 18043 thousands, while the largest amount was in 2006 (CZK 77640 thousands). Therefore, while comparing the year 2003 with no investment subsidies with the year of 2006, the subsidies increased by CZK 59 597 thousands. It is also possible to state that investment subsidy in the period of 2003-2004 increased slowly, however, rapid growth of the subsidies was observed since 2005.

A different situation is observed with investment subsidies, which are significantly lower than non-investment subsidies. Lowest (CZK3653 thousands) investment grant was in 2003, and the largest grant was in 2006 (CZK 6032 thousands). Therefore, when comparing the investment subsidies of 2003 with the year 2006, they increased by CZK 2379 thousands. It can also be noted that in the period of 2003-2006 investment subsidies moderately increased.

Meanwhile, the analysis of the overall subsidies funding, it has been observed that, accordingly the lowest funding was in 2003, it was CZK 21696 thousands. The highest funding was in 2006 (CZK 83671 thousands). Therefore, over the period of 2003-2006 funding for the subsidy increased by CZK 61975 thousands.

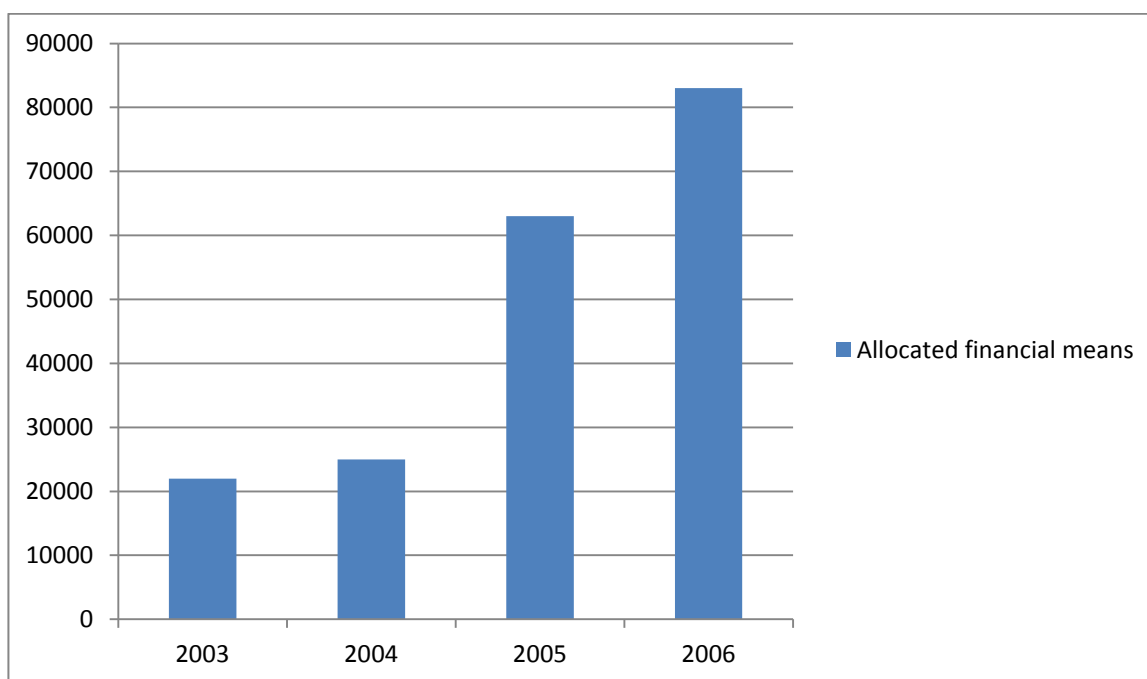


Fig. 13. Subsidies to non-profit sector in 2003–2006 (thousands of CZK)

The analysis of financial measures for the non-profit sector in the period of 2003-2006 showed that the financial instruments during the period increased. In 2003 financial measures were the smallest and were about CZK 22 thousands, while in 2006 they reached a peak of about CZK 83

thousands. Hence, it can be said that in the period 2003-2006 financial measures for the non-profit sector increased by about CZK 61 thousands.

3.3.2 EU investments to tourism in Siauliai and Pardubice regions in 2007-2013 years

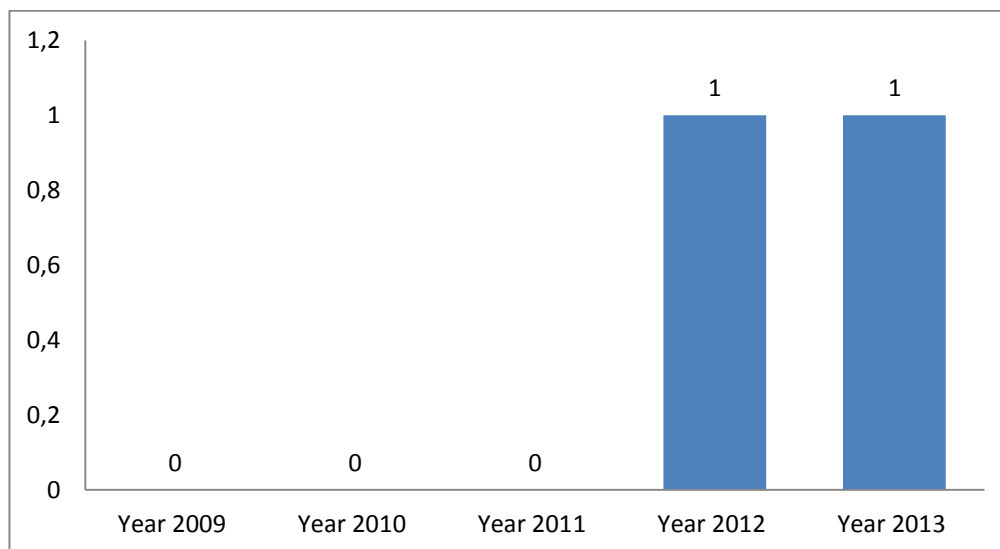


Fig. 14. Number of completed projects (total rate) Siauliai region, units.

Source: author composed according to Structural Funds Management Information System and data from Statistics Lithuania

Based on the number of completed projects, it was found that Siauliai region tourism during 2009-2011 did not implemented any project, but since 2012 one project has been launched, which lasted till 2013.

Summarizing a completed number of projects of Siauliai region during the period from 2009-2013, it was found that Siauliai region tourism-related projects have been launched only from 2012. After conducting the EU structural funds support analysis by region, it was found that according to the published data on 3 January, 2014, currently Lithuania has absorbed almost 80% of all funds for the projects, which is LTL 672.9 million. This maximum value for this indicator was smooth implementation of projects in Siauliai region. At this time the region has already absorbed funds of 91.4%.

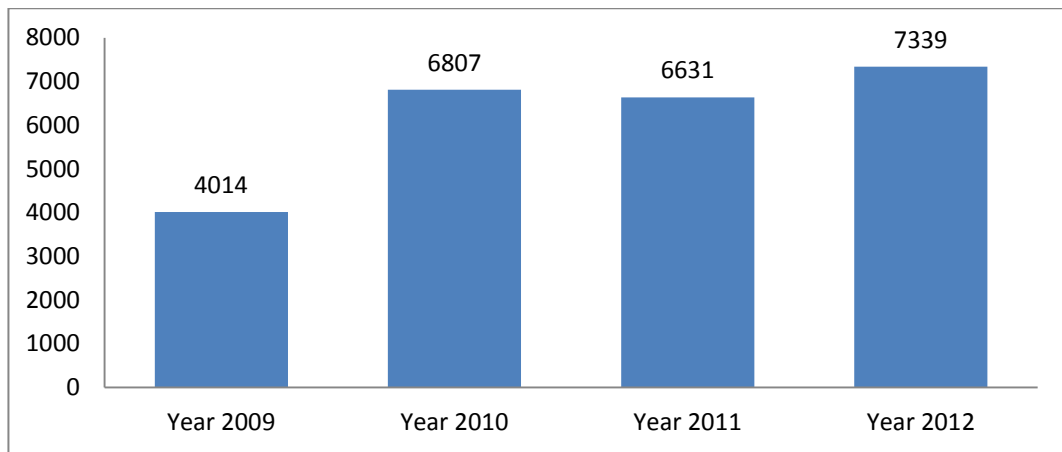


Fig. 15. The number of tourists accommodated in Siauliai region, units.

Source: author composed according to Structural Funds Management Information System and data from Statistics Lithuania

The analysis of the number of tourists accommodated in Siauliai region during the period of 2009-2012 showed that at least (4014) tourists were accommodated in the year of 2009, while the biggest amount (7339) was in 2012. Two tourists', accommodated in Siauliai region, changes of number in the variation can also be observed. Comparing the number of tourists of 2009 and 2010, the number of tourists increased by 2793, however, during the period of 2010-2011 the number decreased by 176 amount of accommodated tourists in Siauliai district. But during the period of 2011-2012 it is observed that the number of tourists increased by the amount of 708 tourists.

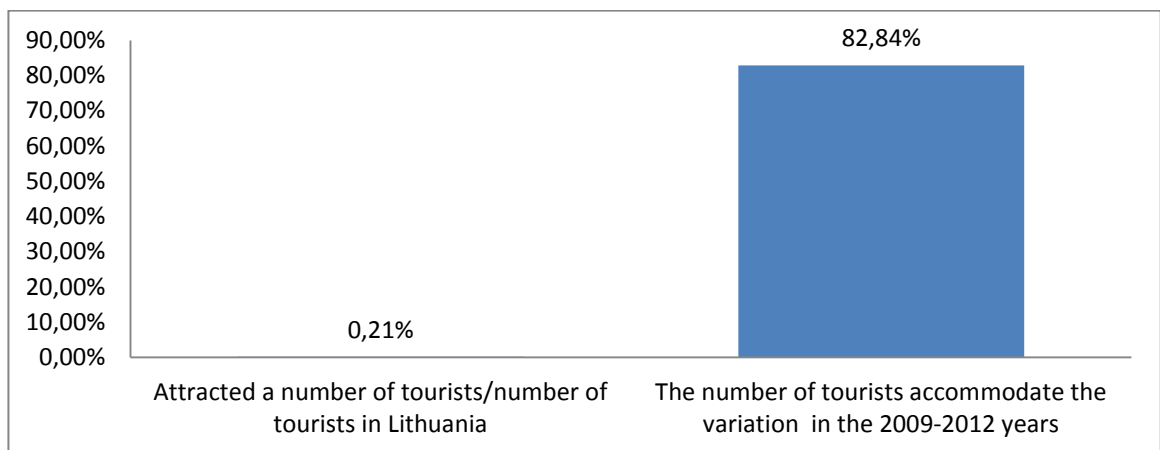


Fig. 16. Attracted number of tourists / tourists in Lithuania and the change of accommodated tourists number in 2009-2012., expressed by %

Source: author composed according to Structural Funds Management Information System and data from Statistics Lithuania

The analysis of Siauliai region attracted number of tourists, according to the number of Lithuanian tourists, it was observed that Siauliai region has one of the lowest tourists numbers which consists of 0.21 %. Meanwhile, the situation is slightly different with the development in the

period of 2009-2012 of accommodated tourist in Siauliai region, which is as high as 82.84 %. Therefore, it can be said that the number of accommodated tourists in Siauliai region compared to the attracted number of tourists is high in the period of 2009-2012.

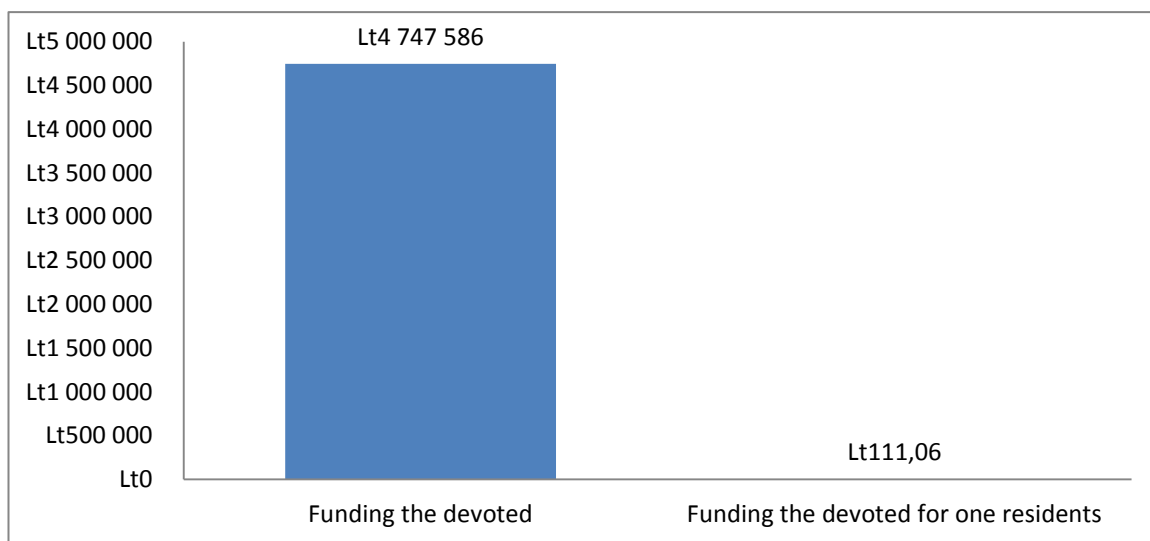


Fig. 17. 2007-2013. EU support for tourism of Siauliai region, the amount of LTL currency.

Source: the data of 2013 October of Structural Funds Management Information System and data from Statistics Lithuania

The analysis of European Union support for the tourism sector for the period of 2007-2013, it was found that Siauliai district got a sum of LTL 4 747 586. Meanwhile, during that period 42,748 people lived in Siauliai region units; it means that LTL 111.06 was received per capita.

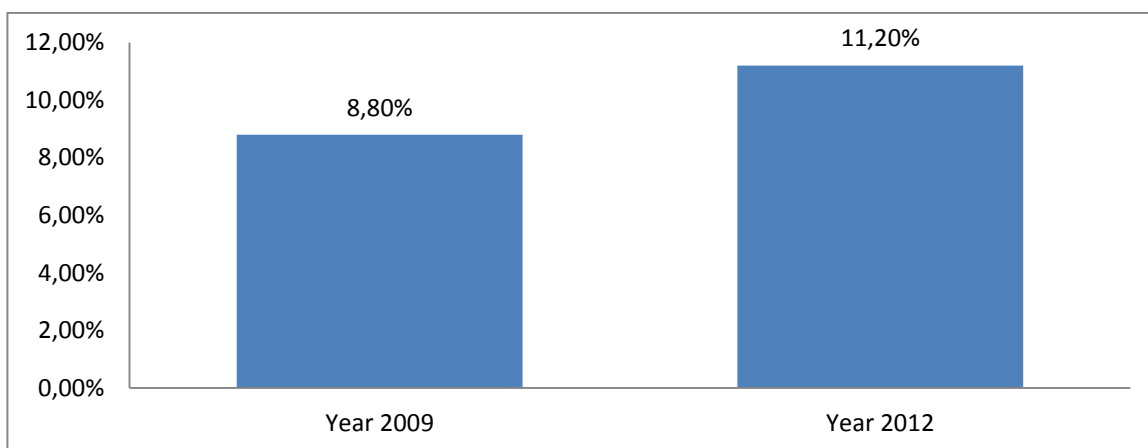


Fig. 18. 2007-2013 unemployment in Siauliai region, expressed by %

Source: the data of 2013 October of Structural Funds Management Information System and data from Statistics Lithuania

The analysis of Siauliai region of prevailing unemployment rate in the period of 2007-2013, it was found that in 2009 the unemployment rate in Siauliai district was 8.80 %, while in 2012 it was

11.20 %. Comparing the unemployment rate of 2012 and 2009 we can see that it grew by 2.4 %. Therefore, on the basis of the suggested data it can be said that the unemployment rate in Siauliai region during the period has increased.

Results of monitoring programmes of tourism implementation infrastructure and development services tools, in Lithuania a number of 1 268 permanent jobs were created. Most of the jobs have been created under the instrument No. VP3-1.3-UM-06-K “Development of tourism services' (products)' diversity and quality” (a total of 643 positions, instead of the planned 90 positions). The measure has encouraged private entities investing in the tourism sector. Under the measure, tourism and wellness centers, immovable cultural property for tourism services, hotel services were financed. The measure was very popular (102 applications were submitted and 27 projects were funded), hence, in order to collect more points in quality assessment, projects who received funding proposed to create quite a lot of job positions – 77. The lowest number of jobs (72, although it is 7 times higher than the plan) was developed under the instrument of VP3-1.3-UM-05-R "Development of Public Tourism and Service Infrastructure in Regions". Under this measure five times more projects were financed (101) than according to a similar implemented intervention in the private sector that was discussed earlier. One of the reasons that led to a lower contribution of the measure was that a lot of smaller projects were carried out, nobody developed a new infrastructure, and hence, there was no great need for the creation of new jobs. Taking into account the indirect effects by the measures of tourism support, it can be said that the net effect of support is 450 permanent jobs. According to secondary sources of information, the net effect on employment support interventions in this field consists of 35.5 % of the cumulative effect of the high displacement effect (50-75 %). (2007-2013 EU structural support on employment and other Lithuanian macroeconomic indicators for evaluation. Final report. Vilnius, 25 July, 2016 P. 62).

3.3.3 EU investments to tourism in Siauliai and Pardubice regions in 2014–2020 years

A new programming period from 2014 to 2020 is starting. Overall, according to the reformed Cohesion policy European regions, cities and the real economy will be funded about 366.8 billion EUR. This will be the main EU investment instrument for achieving the objectives of the "Europe 2020", such as promotion of growth and jobs, solutions of the climate change problems and issues of dependence on energy, also reduction of poverty and social exclusion.

Table 7 presents appropriations of the Cohesion Policy of 2014-2020 for the three Baltic countries. As shown in the Table 7, the largest appropriations are intended to Lithuania, and the lowest are intended to Estonia.

Table 7. Appropriations of the Cohesion policy for 2014-2020. (million euros, according to the prices of 2011).

Country	The Cohesion Fund	ERDF and ESF				ERDF	Total:
		The poorer regions	Developing regions	Special allocations for the outermost and sparsely populated regions	The most developed regions	Territorial cooperation	
Estonia	1.123	2.198	-	-	-	49	3.369
Latvia	1.412	2.742	-	-	-	82	4.236
Lithuania	2.145	4.189	-	-	-	100	6.434

Source: created by the author; based on the financial allocation of 2014-2020³

Key objectives will be pursued through the European Regional Development Fund, such objectives are, for example, the support for small and medium-sized enterprises (in 7 years their subsidies are intended to be doubled from 70 to 140 billion). All structural and investment funds will be more resultoriented, and for the funds a new operating reserve will be created to encourage good projects. Finally, the efficiency of the Cohesion policy, rural development and fisheries funds will be linked with economic governance to ensure that the Member States comply with the EU recommendations under the European Semester (the Cohesion policy 2014-2020).

³ http://ec.europa.eu/regional_policy/what/future/eligibility/index_lt.cfm

3.4 Comparative analysis of Pardubice (Czech Republic) and Siauliai (Lithuania) regions

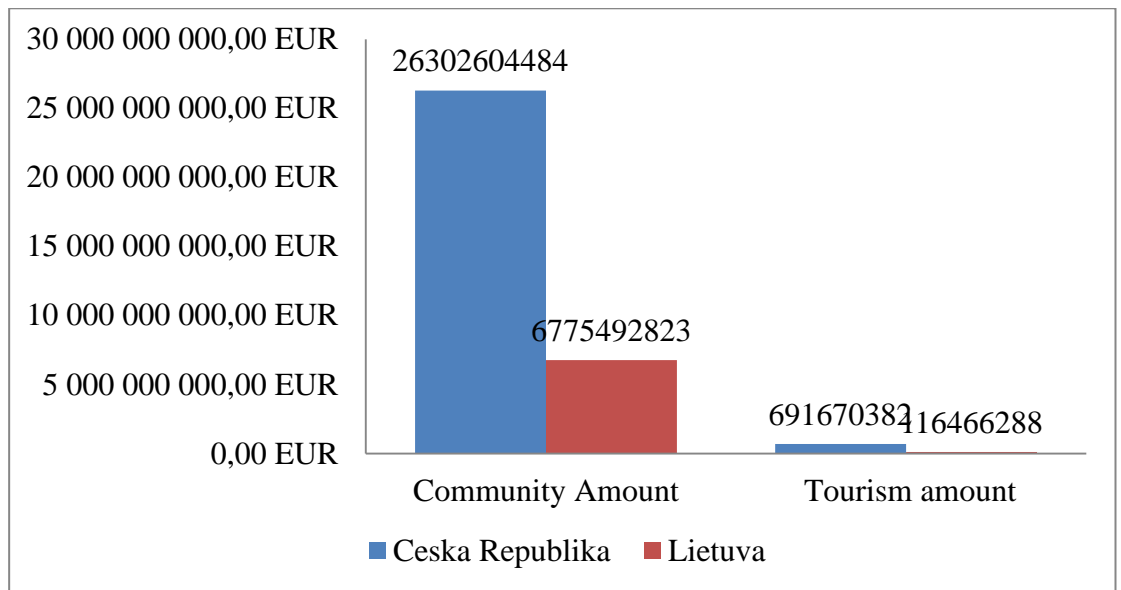


Fig. 19. EU allocated total amount for tourism of the Czech Republic and Lithuania for the period of 2007-2013, EUR

The analysis of the EU allocated funds for the Czech Republic and Lithuania for the period of 2007-2013, it was found that the Czech Republic received EUR 1,938,590,006 more. Meanwhile, from the general funds the Czech tourism received EUR 6,775,492,823, while Lithuania – nearly EUR 1,164,662,88. Therefore, the Czech Republic received 6,659,026,535 more than Lithuania. Summarizing the EU general funding for tourism in the Czech Republic and Lithuania in the period of 2007-2013, it can be said that the Czech Republic obtained more EU funds.

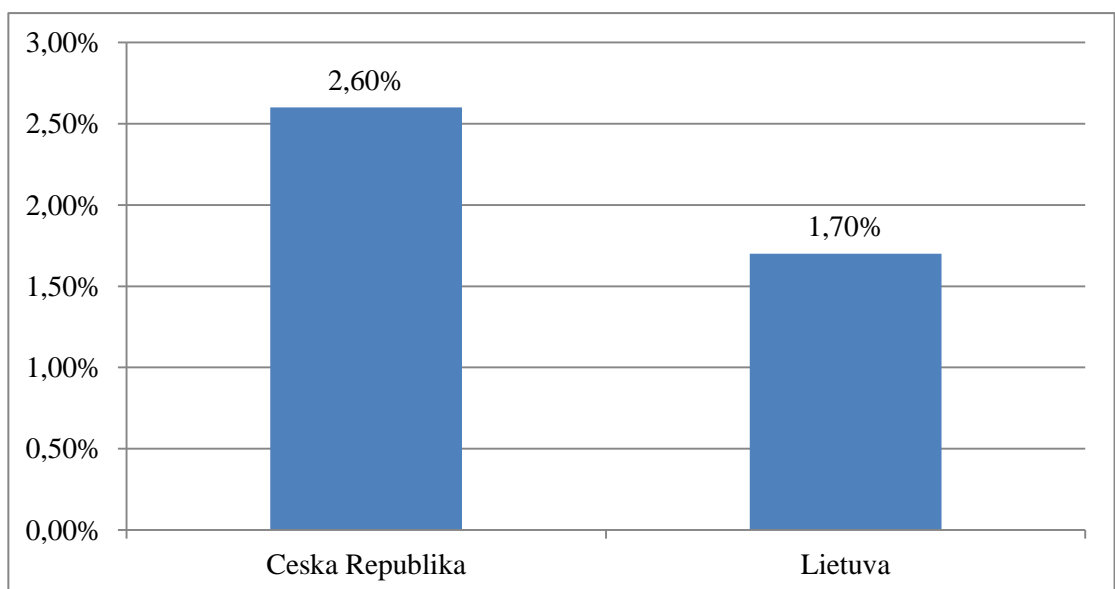


Fig. 20. Percentage of the total amount of the Czech Republic and Lithuania tourism, expressed by %

The analysis of the percentage of the EU total allocated amount to the tourism of the Czech Republic and Lithuania in the period of 2007-2013 showed that the Czech tourism amounted of 2.6 %, and Lithuania – 1.7 %. The Czech Republic received 0.9 % more funds for tourism from the EU co-funding.

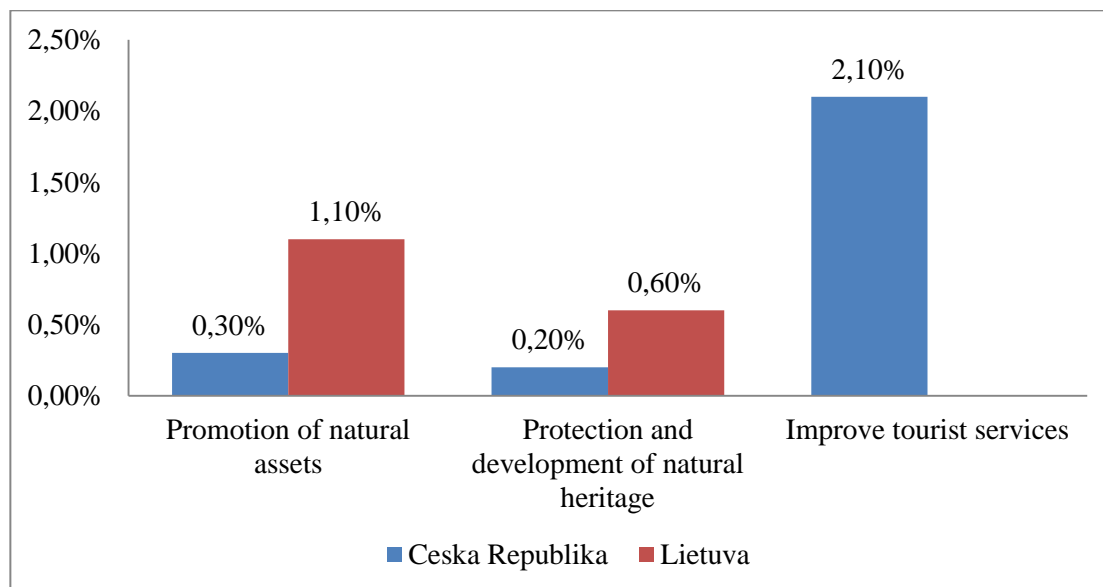


Fig. 21. Distribution of funds for the tourism of the Czech Republic and Lithuania according to areas, expressed by %

While analyzing the data, it was found that the Czech Republic promotion of natural assets received 0.30 % of funds, meanwhile, Lithuania received significantly larger amount – 1.10 %. Therefore, Lithuania received more (0.8 percent) for the field of promotion of natural assets. A very similar situation is observed with the protection and development of natural heritage area; the Czech Republic received 0.2 %, while Lithuania – 0.60 %. This tourism industry of Lithuania received only 0.4 % more funding. The situation is different with the field of Improvement of tourist services, Lithuania, for example, did not received the funding of this field, while the Czech Republic got 2.10 %. Summarizing the data, it was found that the Czech Republic tourism received the biggest fund for the Improvement of tourist services (2.1 %). While the lowest funding was for the protection and development of natural heritage (0.2 %). The situation is different in Lithuania, maximum (1.1 %) funding was for the promotion of natural assets, and the least – the Improvement of tourist services, since this field did not received any funding.

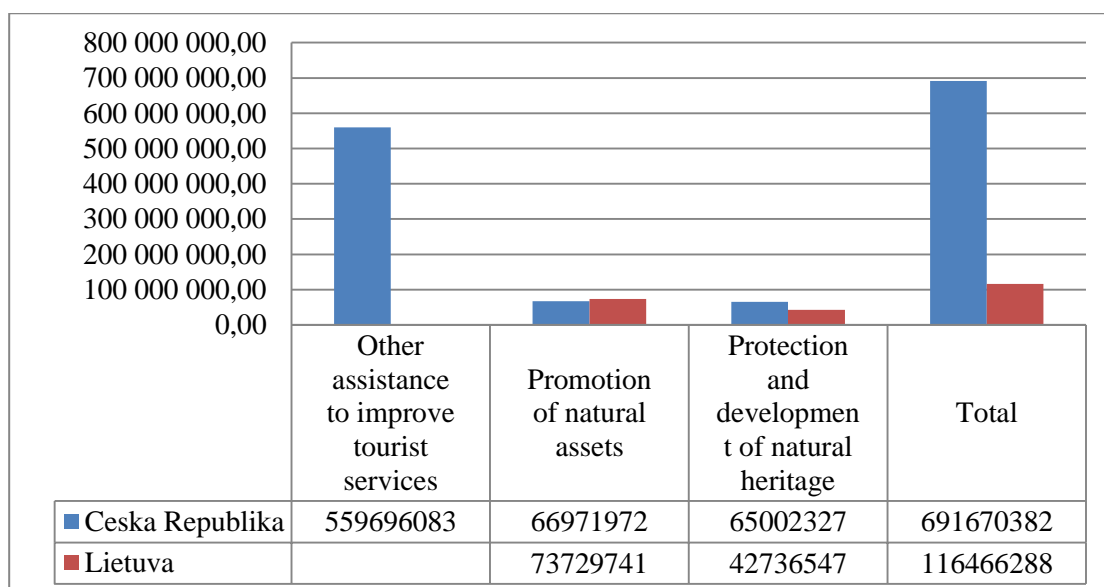


Fig. 22. Distribution of tourism funds to the Czech Republic and Lithuania, EUR

The analysis of the funds allocated to tourism for the promotion of the natural resources, protection and development of the natural heritage and other assistance for the improvement of tourism services. The latter tourism industry in the Czech Republic received EUR 559,696,083, while Lithuania in this field got nothing. The situation is different with the funds allocated for the promotion of natural assets. Lithuania's field for the promotion of natural assets of the area received 73,729,741 EUR, while the Czech Republic – 66,971,972 EUR, hence, Lithuania received 6,757,769 EUR more. The Czech Republic's field of the protection and development of natural heritage gained 65,002,327 EUR, while Lithuania – 42,736,547 EUR, therefore, the Czech Republic obtained EUR 22,265,780 more. The Czech Republic in these areas have been designed to 691,670,382 EUR and Lithuania received only 116,466,588 EUR, hence, the Czech Republic gained 275,203,794 EUR more funds to the implementation of these tourism fields.

3.5. The expert valuation of regional policy in Lithuania

Expert evaluation and qualitative research were carried out to analyze implementation principles of Lithuania's regional policy, its benefits and future prospects. This method was chosen to obtain stable data and approach of the same phenomenon of various experts. Also the approach of different individuals in this study allowed to form reliable and qualitative conclusions of regional policy. For selected competence of the experts, the research was reliable and comprehensive. Experts assessments are provided with respect of a questionnaire (see Annex I). In the course of the study unstructured expert interview was selected. In the proceeding 7 experts from different regions

were interviewed. Different regions have been chosen to present the real situation in Lithuania. Questions have been composed on the basis of three basic constructs: current and former situation of regional policy issues as regards matters of implementation, perspective of competitiveness, also the benefits and reasons of the current financial mechanism, reasons why measures of the EU's regional policy promotion are not efficient / less efficient, and the third construct – future perspectives and recommendations. The aim of the investigation is to determine features of Lithuania's regional policy and absorption efficiency, as well as the main positive and negative aspects.

Experts to the first question "What impact the EU regional policy has created to Lithuania's regional policy?" expressed different opinions: some argued that the policy is effective, but one of the group experts pointed out that in his point of view, the main target is to reduction of social and economic disparities between the regions is not implemented effectively, since this purpose only recently has been indicated as a priority. Therefore, Lithuania doesn't have enough experience trying to compare the benefits of implementation. Also, Lithuania doesn't have a fully formed legal framework and institutional structure; and even though one of the main concerns was the implementation of the above-mentioned aspects, but until the year of 2007 the regional policy in Lithuania did not possess the financial instruments. The situation changed when in 2007, with the EU assistance, essential aims between national, regional and the EU Cohesion policy have been launched. Since the start of the period, the objectives of regional policy were supported financially and this had resulted in regional development. During the expert interviews, a rhetorical question has arisen to the respondents "Whether the implementation of the EU regional development in Lithuania is efficient?" Partly. The experts state that regional policy contributes to the region's capacity to promote economic growth, and encourage European cities and regions to share common experiences, and work together in areas, such as transport infrastructure, as well as information communication technology, international cooperation programs, etc.; therefore, Lithuania in the perspective of Cohesion policy is taking actions that are intended to implement social and economic consolidation. Hence, all these measures are useful for Lithuania's development of regional potential. However, Lithuania still has low resource efficiency and energy intensity, therefore, the proper implementation of Lithuanian regional policy could help to enhance the efficient use of resources, and to encourage investment in renewable energy. But this aim requires awareness, which to this day Lithuania lacks. Effectively coordinated regional development in Lithuania has a great importance, as it is intended to improve the EU stakeholders cooperation with Lithuanian citizens, also the benefits of the implementation could be seen only from real and visible, positive results. Accordingly, the opinions of experts were the same, if regional policy is effective, it is effective only theoretically, because to this day there is a lack of detailed information about the

performance of projects – no researches were carried out. Therefore, based on the expert judgment, it is concluded that Lithuania doesn't have deep provisions of the regional policies; partly due to the experience of Lithuania and the short participation in the promotion of the program.

To assess the main obstacles to the effective absorption of respect, the experts were asked the question "What are the effective absorption barriers of structural funds in Lithuania?" The opinion of the experts on this issue has not been radically different.

The main obstacles were administrative, human resources, experience and qualifications. In the perspective of Human Resources, the experts expressed different views, but no conclusion was made of how the obstacle should be overcome; since currently educational level in Lithuania is high, universities and institutions of technologies prepare specialists focused on broad areas, but the lack of suitable specialists is obvious. Although the experts pointed out that the professionals lacked qualifications, competence and skills, but they also tended to agree that Lithuania doesn't improve conditions to keep young people in Lithuania; emigration of young professionals going abroad is still one of the most pressing problems, which to this day is not addressed in Lithuania. The experts also pointed out that from Lithuania's young professionals experience is required, but the conditions to gain the skills are not made. Lithuania doesn't educate young professionals and it does not provide sufficient practical knowledge. Also some of the main problems and limitations have been identified; The offered support is not coordinated and clear; administrative guidelines are not formed clearly, which are often lead to the avoidance of using the EU support; projects are often incompatible with each other while trying to maximize the benefits for the regions. Partly the experts tended to agree that one of the main problems is that there is no information about the implemented projects, the monitoring of the projects is not performed, and the efficiency of the projects is not evaluated; this would lead to the assessment of the obstacles that to this day are also can be only theoretical, because the accurate data is not presented. To identify effective and ineffective reasons of regional policy, the experts were asked the question "Whether the regional policy conducted in Lithuania is effective (what are efficiency's or inefficiency's reasons)?" In this regard the experts' assessment was not unambiguous. Some experts pointed out that the policy is not implemented effectively; the ineffective reasons are the lack of strategic plans and coordination problems, as well as the monitoring of the implementation problems. It is also submitted that funds are used inefficiently and they do not implement the goals, one of the main problems is – not every region gets equal opportunities and absorption efficiency. Therefore, sometimes a region, who doesn't need funding the most, receives the funds. The priority objective is not achieved in this way, the aim is to reduce the separation, and however, it is increased. One of the problems of inefficiency was identified – vague and weak funding system and lack control of the system, as well as structural introduction of the taken funds. The funds are used inefficiently, and the growing differences

between the regions and funding show the inefficiency. Therefore, the main shortcomings were monitoring, control, evaluation; and all these factors have the greatest impact on the ineffective use of the funds because the cases of corruption are recorded, as well as inattentive indicators presentation, which is associated with the implementation of the funds. Therefore, Lithuania doesn't provide accurate information of which support benefits or which damages. Although, some experts pointed out that the funds are used effectively and currently the regions themselves should be interested on the priority areas of implementation and aimed financing, but partly agreed with the experts that the implementation of the regional policy in Lithuania has the areas in need of improvement. Hence, the lack of experience and short participation of the programs were highlighted. However, it is expected that in the future the situation and the source of the funding will be improved and the efficient use of the funds will be better.

In summary, Table 8 presents benefits and problems of the EU's financing mechanism.

Table 8. The benefits and problems of the EU's financing mechanism.

<i>The benefits of the EU's funding</i>
Reduce social and economic disparities
Promotes regional development
The positive influence on industrial layout and agglomerations nationally
A more even distribution of the industry
Additional growth in less developed regions
Effectiveness of certain funds for a specific period
Direct cooperation with the EU increases funding opportunities
Increased confidence in the EU guidelines and regulations
<i>The problems of the EU's funding</i>
Lack of strategic plans
Problems of coordination
Problems of implementation monitoring
Unclear and weak system of financing
The lack of control
Structural presentation of taken funds
Problems of valuation (presentation of indicators)
Insufficiency of administrative competence
Lack of project management authorities and experience of beneficiaries
Funding restrictions
Long period of project evaluation, selection and contract procedures
Fairly low level of qualification of consultants involved in the preparation of the projects
Wrong distribution of funding and procedural irregularities
Complicated administrative procedures

Source: created by the author; based on carried out expert evaluation

To assess the reasons for the decline of social and economic disparities, the experts were asked the question "Why you think that economic and social disparities between Lithuanian regions are decreasing gradually?" Some experts were categorical stating that the current disjuncture is increasing, also experts pointed out that the financing mechanism is not efficient enough and usually the regions that meet the eligibility criteria are not the ones who should be funded; in which case the differences between the regions are very small and the provided support increases disjuncture of regions and lagging regions can't keep up to developing regions that get the funding. Of course it was agreed that the problem is not the ability to use the EU funds, but the main problem is the funding mechanism and control of the mechanism, which is not sufficiently clear. The experts, who have pointed out that the economic and social differences decrease slowly, identified that the main problem of it is sustainability and continuity of the projects, since the projects are not fully implemented. The funds are used but the expected efficiency of the projects, which was assessed before the project, is not exploited. Therefore, based on this assessment it has been agreed that the problem is in the control of resources and in the evaluation of the project, as well as in monitoring. Hence, according to the experts currently Lithuania doesn't have optimal use of resources; however, if Lithuania wouldn't receive the EU's funding, economic and social situation would be worse. Because of the slowly decreasing disjuncture, the experts were asked the question, "Why they think that in Vilnius and other larger cities of Lithuania absorption of the EU support (per capita) is significantly higher than in other Lithuanian cities?" Unambiguously the experts pointed out that this situation is due to the commitment of higher funding. Also the absorption of funds is higher in larger cities; because bigger cities tend to attract, as well as have more range for projects. Therefore, if the larger cities have more opportunities for the implementation of the EU's support, consequently, absorption per capita is significantly higher.

To identify factors that promote the competitiveness, the experts were asked the question "What factors would influence Lithuanian regions (counties, municipalities) to become more competitive?" Experts pointed out that it is important to encourage people's relevance and ambition, it is also important to encourage people to take interest in the regions they are living in, and also to promote the dissemination of a positive image. Of course to achieve it, some events should be prepared and organized, and during these events residents would be informed and acquainted with good practice and existing opportunities. In bigger cities funds are absorbed better, and the dissemination of information is more effective, thus it's easier to increase people's interest. One of the main problem areas is the sustainability of the projects and the lack of strategies. In many municipalities the vision and mission are formed, but the implementation of the tasks often does not meet the current situation. This often forms due to municipalities' aims to get finance, but no one

address the implementation options and prospects for the future. Usually the continuity of the project is not evaluated, as well as its benefits in the future. Therefore, the projects are designed to absorb funds, and to propose the existing benefits of the current period. Hence, in this regard, the experts agreed that the main problem is the evaluation and control, which is currently weak and not objective. One of the main problems identified by the experts is the distribution mechanism. Currently the funds are distributed according to the regional planning, but there is little attention to the region's need for financial incentives.

"How, in your opinion, the current distribution mechanism of the EU structural funds (period of 2007-2013) is effective and ineffective?" Unambiguous opinion from the experts on this matter from has not been provided, as it has been presented that the mechanism is not effective and the main reason was stated that the mechanism made, and funding is distributed respective of the needs of the region. Therefore, the most important thing at the moment is to improve the mechanism while isolating the problematic areas. As it has been said, currently the most prospective areas receive more funding, thus the social and economic exclusion is increasing. From a performance perspective, the experts pointed out that in the view of the overall trends, every year the greater amount of the EU funds of are absorbed. Therefore, without evaluating sustainability and stability of the project, the increased people's awareness and better opportunities are welcomed.

To identify the expert opinions and proposals for sustainable regional development, another question was presented "What in their view should be replaced in Lithuania to use the EU funds efficiently and create long-term economic benefits?" In this perspective the assessment of the experts was more or less the same; as the main criteria for effective use of the EU funds, and to create economic benefits for Lithuanian economy, the experts had pointed out that it is not very vital to Lithuania to accept proposed conditions of the European Union of how to use the funds, but also Lithuania should take the initiative, and to negotiate a more favorable use of the EU structural funds. Since Lithuania sectors have different situations, hence, needs of the individual sector financing should be taken into account; also during the negotiations, it is important to discuss the issues that are related to the inside intervention distributions of funds. It is also very important to create a more favorable programming and implementation structure of the EU structural funds. Experts proposed to reduce the number of reports and allow to adapt the integrated assessment, in this perspective it could be possible to evaluate the efficiency and economic benefits of the EU funds more rationally and objectively. Experts indicated one of the most important issues on which the EU funds absorption is not effective, and it is the attractiveness to the consumer, i.e. administrative burdens. Therefore, to reach more efficient absorption of the funds, one of the experts submitted a proposal to apply the principles of proportionality, consistency, transparency and accountability, as well as to raise awareness in consulting, and in the fields of education.

Table 9. Suggestions of the experts of the use of the EU funding more effectively and for greater economic benefits.

Table 9. Criteria for effective funds and economic stimulus

<i>CRITERIA FOR EFFECTIVE FUNDS AND ECONOMIC STIMULUS</i>	
1.	Negotiations on more favorable use of the EU structural funds
2.	Distribution of interventions
3.	A more favorable programming system of the EU structural funds
4.	A more favorable implementation structure of the EU structural funds
5.	To reduce the number of reports, and to customize integrated assessment
6.	To increase the attractiveness of the consumers by reducing the administrative burden
7.	To apply the principles of proportionality, consistency, transparency and accountability
8.	To increase awareness in the fields of education and consulting
9.	To improve the legal framework and institutional structure

After summarizing the experts' opinion of the absorption of European Union's funds, the experts were asked the question, "What they propose to change in 2014-2020 Lithuania's allocation of the EU support?" After experts identified the main problems of the EU's absorption efficiency and the benefits for the economy of Lithuania, economists offered recommendations of personal attitude. The experts pointed out that the efficiency of EU structural funds depends not only on the action, but also on the allocation of resources during programming and implementation of redistribution. The rational use of resources facilitates efficient absorption of the EU structural funds and the benefits of the funds. The proper functioning of EU structural funds is also very important. As an example, the experts have pointed out that while direct support for business helps to achieve certain goals, but it also can create unfavorable economic consequences, such as the distortion of competition within the market or business dependence on the state support. One of the experts highlighted that the political environment influences the effective use of EU's funds; as during the programming period it is necessary to achieve compatibility with the various policies and stakeholders. This often results in the usage of EU funds on the basis of fairness, rather than effectiveness. In this perspective, much attention is given to the absorption of funds, but not for the benefits made by funds. Also during the evaluation the experts were divided into two positions, i.e., those who claimed that today the centralization of allocation of funds is too high; and the period 2007-2013 of the distribution of funds was mentioned, during which about 11 % has been allocated to regional development, hence, it is suggested to promote greater regional engagement. However,

the experts of other positions pointed out that to achieve better results it is important to concentrate the EU funds.

However, all the experts agreed that in order to obtain better results flexibility of the support is the most important, whereas the current seven-year period of changing economic conditions is a long period, therefore, the EU support should be adapted partly using funds for newly emerged challenges; of course experts agreed that this position requires looser option of funds disposition, which would create more favorable conditions for corruption. Also one of the experts pointed out that providing a direct support for business is inappropriate for the distortion of competition, and the aim of EU support is correction of market imperfections. Therefore, as an alternative cooperation should be promoted with scientific research and technological progress; better conditions for the formation of clusters should be created. The experts also pointed out that the EU support has to meet with the created benefits (worth); hence, the use of EU funds must be assessed on financial and economic side, and benefits on social and nature conservation.

CONCLUSION

1. Public administration on this modern-day European Union (EU) environment is very important, because it must ensure a just, fair and equitable distribution of EU support, which contributes to the improvement of various people activities in the EU. The public administration must not only address the shortcomings, and to create favorable conditions for markets to operate efficiently, but also create promotion and transmission of knowledge. Modern public sector entities must seek to treat the citizen as a customer and optimizing the authorities assigned functions and tasks.
2. European Union financial support measures analysis showed that the financial support is an important instrument for maintaining the rural tourism business vitality and competitiveness. From the start of European Union structural funds, funding for Special Accession Programme for Agriculture and Rural Development (SAPARD), Rural Development Plan 2004–2006 (RDP) and the Rural Development Programme 2007–2013 (RDP) significantly increased. The integrated share of support and competitiveness factors grew gradually, as well as the amount of support. This shows that the Lithuanian rural tourism is an attractive and receptive to investment business niche; the European Union support for this sector spreads a positive effect on competitiveness indicators.
3. New EU structural funds programming period of 2014–2020 resulted in active discussions on the EU's structural funds administration and the need for improvements in this area. The periods of 2000–2006 and 2007–2013 of programming periods enabled the administrative authorities to gain experience and to improve the administration. Previous programming periods have revealed a wide range of EU structural funds administration problems. During the period of 2004–2006 EU Structural Funds administration system of different functions relied on each other authorities, while in 2007–2013 the system has been improved. The main administrative problems for the period of 2007–2013 were: difficult circumstances for project promoters, a very high turnover in the system, the lack of transparency.
4. Siauliai city is one of the ten counties in Lithuania. It is a territorial unit in the north of the city, and its capital is Siauliai. In the north the county borders with the territory of Latvia, in the west – with Telsiai city, in the southwest – with Taurage city, in the south – with Kaunas city, and in the east – with Panevezys city. During the first half of 2016 Siauliai tourism information center and the travelling center offices were visited by 14.049 tourists. The number of tourists compared to last year have has increased by 58 %. The data of Siauliai tourism information center indicates that in 2016 most tourists came from Latvia,

Spain, France, Japan, Russia; also from various Lithuania cities – Birštonas, Skuodas, Panevezys, Kaunas, Vilnius. Meanwhile Pardubice Region is a region that is as flat as a table with a solitary, though very striking, and bump: Kunětická Mountain. It is part of the so-called Gold Ribbon of the Czech Republic, the most fertile part of the Polab Lowlands. From regional point of view, the highest drop was shown by accommodation establishments in Hradec Kralove region by 12.1 percent and Pardubice region by 11.4 percent.

5. Siauliai city gives the total EU Structural Funds and SAPARD (The Special Accession Programme for Agriculture and Rural Development) assistance for agricultural and rural development are estimated for LTL 41.7 million by 2006, December. The main share of support was provided for Vilnius and Siauliai regions projects; Vilnius region got LTL 14.7 million and Alytus region got LTL 7.8 million. Siauliai region tourism during 2009-2011 did not implement any project, but since 2012 one project has been launched, which lasted till 2013. The number of tourists accommodated in Siauliai region during the period of 2009-2012 showed that at least (4014) tourists were accommodated in the year of 2009, while the biggest amount (7339) was in 2012. European Union support for the tourism sector for the period of 2007-2013, it was found that Siauliai district got a sum of LTL 4 747 586. Meanwhile, during that period 42,748 people lived in Siauliai region units; it means that LTL 111.06 was received per capita. The analysis of the EU allocated funds for the Czech Republic and Lithuania for the period of 2007-2013, it was found that the Czech Republic received EUR 1,938,590,006 more. Meanwhile, from the general funds the Czech tourism received EUR 6,775,492,823, while Lithuania – nearly EUR 1,164,662,88. Meanwhile, in the Pardubice region the lowest non-investment subsidies were in 2003; the amount was CZK 18043 thousands, while the largest amount was in 2006 (CZK 77640 thousands). Therefore, while comparing the year 2003 with no investment subsidies with the year of 2006, the subsidies increased by CZK 59 597 thousands. The analysis of the overall subsidies funding, it has been observed that, accordingly the lowest funding was in 2003, it was CZK 21696 thousands. Tourists in 2006 who visited the Pardubice region, it was found that 294,503 foreign tourists visited this region, while the number of local tourists – 58586. A new programming period from 2014 to 2020 is starting. Overall, according to the reformed Cohesion policy European regions, cities and the real economy will be funded about 366.8 billion EUR.

RECCOMENDATIONS

1. The increase in direct media, highlighting both Siauliai and Pardubice region are characterized by recreational areas and culture areas. Activate tourist information centers and tourist district to form an image.
2. Take appropriate administrative and financial measures in order to preserve tourism resources and tourism sector presentation and better governance.
3. It is necessary to form a unified tourism development model, to concentrate their efforts on those areas in which to achieve a competitive advantage. It is recommended to carry out detailed research of the tourism market. Proper choice of strategy and objectives will determine what areas of the Siauliai cities of Pardubice region will be competing, activities will be focused on innovation and traditional activities.
4. To develop tourism project area and tourism infrastructure. Here a crucial role to play in better public administration functions and the closer cooperation with the private business and design of public tourism infrastructure and services provided to tourists and new tourist project initiation.

SUMMARY

To implement the regional policy, members receive the financial support of the EU from the Structural Funds. EU financial support is provided through the structural funds and various projects, and is an effective tool to Member States, imposed for development of regional economies. It also allows a better use of human, innovative, recreational and other resources, as well as successfully reduce the economic development gap between different regions of the country. Lithuanian regional policy was strongly influenced by the formation of the EU regional policy and with its associated structural support measures. Lithuanian regional policy is still a new public policy, which emerged from the EU. In agricultural policy and other areas, spatial planning and budgets of self-governing territorial divisions alignment existed before. However, regional policy as a separate workspace of Lithuanian government was formed only on the need to prepare for the EU membership to effectively benefit from the EU support. The EU structural funds for Lithuania help to improve individual regions of the country and the functioning of the economic sectors, as well as to increase their competitiveness. However, in Lithuanian regions there is a local problem that the EU support is not always used efficiently. As a result, economic development does not achieve the desired effect. Therefore, the second part of this work presents comparison and trend analysis, and systemization of the EU Structural Funds support for Lithuanian regions. Also the the EU Structural Funds and the Lithuanian costs incurred for membership of the European Union, the cost-benefit analysis will be presented. The results will be compared with the EU aid figures of Pardubice region (2007-2013).

The object of the study - the European Union's structural funds, contributing to the tourism development of Siauliai region and Pradubice region.

Hypothesis - after using the EU structural funds, tourism activity efficiency in Siauliai and Pardubice regions have increased.

The aim - to define and analyze the European Union's structural funds support for the development of tourism, while absorbing 2007-2013 regional support.

Research tasks:

1. To define the concept of tourism, specifying the type of tourism, its benefits and the factors that contribute to the development of tourism.
2. to provide the analysis of European Union's Structural Funds given to Lithuanian tourism development
3. to perform a comparative analysis of the EU funds for development of tourism of Siauliai and Pardubice regions.

Methods for information collection and analysis. The theoretical part used Lithuanian and foreign literature: monographs, scientific articles founded in scientific publications and periodicals database; statistical analysis of secondary data. Practical (analytical) part is performed as a comparative analysis of Siauliai and Pardubice regions. Interview helps to analyze problematic topics. Method for data analysis is a comparative method.

Work structure. The work consists of an introduction, three main parts, conclusions and suggestions. In the first part the concept of tourism is presented; types of tourism are distinguished; the areas in which tourism development benefits are defined, emphasizing economic and social benefits of tourism; factors that contribute to the development of tourism are distinguished and described. The second part presents the research methodology. The third part analyzes the European Union's Structural Funds for Siauliai and Pardubice tourism, specifically emphasizing the support for tourism development.

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APPENDICES

1. Questionnaire

1. What impact the EU regional policy has created to Lithuania's regional policy?"
2. Do you think that the EU Cohesion policy is implemented effectively in Lithuania?
3. What are the effective absorption barriers of structural funds in Lithuania?
4. Whether the regional policy conducted in Lithuania is effective (what are efficiency's or inefficiency's reasons)?
5. Why you think that economic and social disparities between Lithuanian regions are decreasing gradually?
6. Why they think that in Vilnius and other larger cities of Lithuania absorption of the EU support (per capita) is significantly higher than in other Lithuanian cities?
7. What factors would influence Lithuanian regions (counties, municipalities) to become more competitive?
8. How, in your opinion, the current distribution mechanism of the EU structural funds (period of 2007-2013) is effective and ineffective?
9. What in your view should be replaced in Lithuania to use the EU funds efficiently and create long-term economic benefits
10. What you propose to change in 2014-2020 Lithuania's allocation of the EU support?