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## DEVELOPMENT AND PROMOTION OF RURAL TOURISM THROUGH EUROPEAN FUNDS IN ROMANIA

ELENA SIMA<sup>1</sup>

**Abstract:** *Romania has a great tourism potential, but unfortunately this potential has not been explored enough. The objective of this paper is to analyze how the European funds were accessed for developing and promoting tourism activities in rural areas at national level. The work is based on the data processed according to the European Commission Statistics (Eurostat) and the national statistics. The databases published by the Ministry of Agriculture and Rural Development and different organizations in the field were also investigated. The research methods were represented by data collection, mainly online data, data processing, centralization and synthetic presentation (under tabular form). The investments in rural tourism have a great advantage, i.e. job creation and maintaining the local (rural) labour, revitalization of rural localities, mainly those from the less-favoured and remote rural areas.*

**Key words:** *European funds; rural tourism; investments; tourism infrastructure; Romania.*

**JEL Classification:** *Q14, L83, R58.*

### INTRODUCTION

In the last half of the century, in numerous countries, very many specialists consider that tourism is one of the sectors with the highest potential to contribute to economic growth and development, even though its participation to the economic-social progress differs from country to country, depending on the development level and the tourism policy. (1,3,5)

In this context, rural tourism, as form of tourism providing a direct contact of tourists with the physical and anthropic environment in the rural area, has acquired a strong cultural and educational vocation, as well as a special importance for preserving the values and cultural identity of the rural communities, contributing to the promotion of the socio-economic development in the less-favoured areas.

After 1960, in the European Union (EU), the population manifested a growing interest in spending their leisure time and the number of spontaneous getaways in the rural areas increased. With the enforcement of the Lisbon Treaty – signed by the EU Member States on December 13, 2007 and enforced on December 1, 2009, tourism importance has been recognized as essential sector in the economy of the Member States, and “rural tourism turned into a fast growing prosperous activity, with an important role in the economic development of rural communities” (2).

At present, a new philosophy of the tourism phenomenon is taking shape, which intensifies the European Commission’s efforts in the application and coordination of the community policies with impact upon the competitiveness and sustainable development of tourism, by allocating funds, at the level of the EU financial instruments, for the support, coordination and completion of the national and regional actions implicitly of each Member State as regards the tourism sector development.

Among the tourism activities funded by the EU, we can mention those promoting the natural values as potential for rural tourism development, if we take into consideration that “many regions, from France and Germany in particular, without special resources, have developed and successfully practiced this kind of tourism” (4).

As a EU member state, Romania has participated to the Community mechanisms and has the possibility, through the European funds, to complete its own national effort in the adjustment of certain priority domains in industry, agriculture and services to the dynamic environment of the European economy. Thus, it can contribute to reaching the basic goal of the European Travel Commission, that of maintaining Europe on the first place in the world as a tourist destination.

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## MATERIAL AND METHOD

The Romanian effort to develop and promote tourism in the rural area has been completed by the support provided by the EU funds since the year 2000, in conformity with the priorities and rural development directions of the National Rural Development Plan (NRDP), established in close connection to the community priorities and in relation to the analysis of the socio-economic and environment situation, obtained on the basis of available statistical data. The European Pre-Accession Program 2000-2006 granted community financial support through the SAPARD fund (Special pre-Accession Programme for Agriculture and Rural Development), specially created for the pre-accession program for agriculture and rural development). The European post-accession programs 2007-2013 and 2014-2020 have granted and still grant community financial support through the EAFRD funds (European Agricultural Fund for Rural Development).

The development of Romanian tourism and agro-tourism have largely benefited from the EU funds implemented through the Agency for Rural Investment Financing (ARIF), which took over the patrimony of the Agency for Payments and Intervention in Agriculture (APIA) and the attributions resulting from the monitoring function of SAPARD Program, as well as the attributions for the technical implementation, payments and monitoring for NRDP 2007-2013. In addition, ARIF complies with the accrediting criteria throughout the period for which it was conferred the assistance management through the European Commission's Decisions (9).

The goal of the present paper is to analyze the main measures and sub-measures whose eligible investments provide support to tourism development and promotion in the Romanian rural area, under the three National Rural Development Programs – NRDP 2000-2006, NRDP 2007-2013 and NRDP 2014-2020 (Table 1).

Table 1. Main measures providing financial support to tourism development and promotion in the Romanian rural area

Period	Program	Measure	Eligible investments
2000-2006	NRDP - SAPARD	3.4 "Development and diversification of economic activities generating multiple activities and alternative incomes"	- Rural tourism - Other types of tourism activities in the rural area
2007-2013	NRDP	313. "Encouragement of tourism activities"	- Tourism accommodation infrastructure and recreational activities - Small-scale infrastructure (tourist information centres, installation of tourism signs etc, - Development and/or marketing of tourism services related to rural tourism
2014-2020	NRDP	06 – Development of farms and enterprises - sub-measure 6.4 "Investments in the creation and development of non-agricultural activities" - sub-measure 7.2 "Investments in the creation and modernization of small-scale basic infrastructure"	- Infrastructure on the tourist reception units of agro-tourism type, leisure activities (agro-tourism accommodation services, leisure services and catering) - Development/promotion of rural tourism services (to be continued from NRDP 2007-2013, through the transition procedure, by which 119 projects were transferred to be completed, out of which 161 under sM 6.4 and 38 projects under sM7.2)

Source: Author's format based on existing documents

The entire volume of information was obtained on the basis of methods specific to selective research, while respecting all the research stages from the methodological point of view: identification of issues to be investigated, delimiting the research framework, information collection, processing, centralization of data and their synthetic presentation (under table form), data analysis and interpretation and drawing up the conclusions.

## RESULTS AND DISCUSSIONS

In the European strategies, the tourism thematic is interconnected with themes such as the impact of the economic activities on the environment, the non-agricultural economic activities, the economic competitiveness increase and knowledge-based economic development, competitiveness increase by the improvement of the access of enterprises (mainly small and medium-sized enterprises) on the market, the increase of living standards in the rural areas by the diversification of the rural activities, narrowing the development disparities between the country's regions, etc. (11).

The development of entrepreneurial initiatives in rural tourism has taken place under the background of the significant increase in recent years, both in number and in quality, of the accommodation units in the rural area, due to individual investors and financing under the pre-accession and post-accession governmental programs (SAPARD, NRDP 2007-2013 and NRDP 2014-2020), as well as to the activity of certain organizations, such as ANTREC, which provide support to the rural suppliers of tourism services to enter the market and help the rural communities to appreciate the significance of tourism and understand the advantages that they can get from this activity.

**The European Pre-accession Program SAPARD 2000-2006** was adopted by the European Commission by Decision no.372/2000, and implemented on the basis of the National Agriculture and Rural Development Program (NARDP, as basic document that contributed to the implementation of the *acquis communautaire* in the pre-accession period in Romania and stated the funding of integrated rural development projects, to be applied at commune level; thus, premises were ensured for a new entrepreneurial behaviour and for the development of certain activities in agreement with the environmental requirements. The Program became operational together with the accrediting of the first measures (Measure 1.1, 2.1 and 4.2) by the European Commission, on July 31, 2002 respectively.

The funds granted in conformity with the European Union's regulations had as main goal to ensure the gradual training of the Romanian farmers and processors so as to be able to operate on the EU market with competitive products and to avoid the negative effects that could have appeared if Romania had not been prepared for the accession from the economic, institutional and legislative point of view.

*The development of tourism and of other tourism activities in the rural area* were supported by sub-measures of Measure 3.4 "Development and diversification of economic activities generating multiple activities and alternative incomes". This measure was accredited in December 2003, and the payments to the beneficiaries of the measure started in October 2004. (9)

By December 31, 2009, 4,374 projects were finalized, out of which 1018 projects under Measure 3.4. out of which only 3 projects were resiliated. The total value of the projects paid under the measures was 1348.016 million euro, respectively 69.272 million euro in the year 2009, out of which 68.196 mill. Euro were paid for Measure 3.4, respectively 3.364 million euro in the year 2009. (6)

The main activity is rural tourism, amounting to 83.9% of the activities approved under Measure 3.4. Before starting the measure, only 25% of the budget of Measure 3.4 was allocated to rural tourism. As things progressed, the preference for rural tourism became clear and this action reached 53.6% of the total allocated budget, reflecting the fact that the global potential is much higher in this sub-sector than in other sub-sectors under this Measure. The results mainly refer to the modernization and the construction of new buildings used for tourists' accommodation, restaurants and recreational areas.

**The European Post-Accession Program 2007-2013.** After Romania's accession to the EU (in the year 2007), the National Development Plan (NDP) has had a major role in getting the national development policy in line with the community development priorities by the promotion of measures considered to foster the sustainable socio-economic development at European level. This

represents the strategic planning and multiannual financial programming document, approved by the Government and elaborated under an extended partnership, which is orienting the socio-economic development of our country in conformity with the Cohesion Policy of the European Union. In the cohesion policy terms, for the period 2007-2013, NDP represents a prioritization tool of public development investments, mainly oriented on the priorities and objectives compatible with the intervention domains of the Structural and Cohesion Funds. Practically, NDP establishes the fundamental directions for the public development investments in the period 2007-2013, in order to reach certain quantified targets. There are multiple financial sources: budgetary resources, community funds, private co-financing, external and internal loans. The community funds to which Romania has had access since 2007, as a EU Member State, is a consistent support for reaching NDP goals and priorities, as it results from the financial programming chapter. (12)

In the EU, the measures relating to the sustainable rural development, complementary to the market and incomes support policy applied under the Common Agricultural Policy, the Cohesion Policy and the Common Fisheries Policy are implemented through the European Agricultural Fund for Rural Development Fund (EAFRD). As regards the EAFRD programming at national level, this is achieved under the coordination of the Ministry of Agriculture, Forests and Rural Development, through the National Strategic Plan and the National Rural Development Plan (NRDP), in conformity with the new Strategic Orientations of the European Commission for Rural Development.

At NRDP 2007-2013 level, *rural tourism* was approached through Axis 3: “The improvement of life quality in the rural areas and rural economy diversification”, Measure 313 “Encouragement of tourism activities”. The general objective of this measure was to develop the tourism activities in the rural areas, which can contribute to the increase of the number of jobs and alternative incomes, as well as to increase rural space attractiveness. The financial support provided under this measure targeted investments in:

- the tourist reception infrastructure and leisure activities (both actions related to the construction, modernization, enlargement and endowment of the tourist reception structures, and private investments in the tourism leisure infrastructure, independent or dependent on the tourist reception structure),
- the small-scale infrastructure (such as the tourism information centers, installation of tourism signs/tourist routes, etc.),
- the development of the marketing of tourism services related to rural tourism (design of promotional materials, information materials, etc.).

By 31.12.2015, 7 project submission sessions took place under Measure 313, in which 3703 projects were submitted with a public value of 569890.75 thousand euro. From the total submitted projects, 2586 projects were selected, out of which 1289 projects were contracted (*this number reflects the contracts that remained in the system as a result of operating the resiliated contracts*). These represent 46.75% of the NRDP target of 2757 projects. The total investments volume was 358976.99 thousand Euro, representing 76.87% of the NRDP target of 467000.86 thousand euro, and the contracted public value was 179867.78 thousand euro. (7)

On a cumulated basis, by the end of the year 2015, 135,867.83 thousand euro were paid for the financed projects, the EAFRD contribution representing 121,539.96 thousand euro (the financial execution rate being 44. 76%, from the allocated amount of 303,550.56 thousand euro).

According to the “NRDP – 2015 Annual Progress Report”, the category “Leisure infrastructure” has the highest share of investments, with 74.63% of total approved projects, followed by the category “Small-sized infrastructure” with 24.67% of total approved projects and the category “Development /promotion of rural tourism services” with 0.70% of total approved projects under this measure (Table 2).

Table 2. Situation of projects under Measure 313 by types of actions

No.	Type of action	No. of approved projects	Total investments volume	Public value	
				Contracted	Paid
1	Leisure infrastructure	962	287.36	132.16	98,14
2	Small size infrastructure	318	69.81	46.50	37,06
3	Development/promotion of rural tourism services	9	1.80	1.21	0,66
Total Measure		1289	358,97	179.87	135.86

Source: Data from the “NRDP -2015Annual Progress Report”

Depending on the *type of action*, the proposed target has been reached as follows:

- for the leisure infrastructure and tourist reception with 45.88%,
- for the small scale infrastructure with 59.66% and
- for the development of the rural tourism services marketing by 7.14%.

From the point of view of the *regional distribution* (Table 3), more than 20% of projects are found in the Region 6 North-West Satu Mare and Region 7 Center Alba Iulia. Region 8 Bucharest lies at the opposite pole, with the lowest share.

Table 3. Situation of projects under Measure 313 by development regions

No.	Development Region	No. of approved projects	Public value – million euro	
			Contracted	Paid
1	North -East Iași	204	24.92	18.04
2	South - East Constanța	87	13.76	10.27
3	South Muntenia Târgoviște	74	10.83	8.92
4	South West Oltenia Craiova	121	18.25	13.00
5	West Timișoara	209	30.06	22.57
6	North -West Satu Mare	333	45.46	33.59
7	Center Alba Iulia	260	36.40	29.35
8	Bucharest Ilfov	1	0.19	0.12
General total		1289	179,87	135.86

Source: Data from the “NRDP -2015Annual Progress Report”

For the projects related to *agro-tourism actions*, 667 projects received funding under the Program, accounting for 99.70% compared to the target of 669 projects foreseen by NRDP. 477 projects have in view *rural tourism actions*, representing 49.12% of the NRDP target of 971 actions, while the *recreational activities* are foreseen in 270 projects representing 59.08% of the NRDP target of 457.

By the end of the year 2015, 307 contracts were finalized, out of which 201 are in the category “Leisure infrastructure”, 103 in “Small size infrastructure” (information centres, signalling out the tourism sites, etc.) and 3 in “Development /promotion of rural tourism services”; 1007 financing contracts were resiliated, out of which 729 at beneficiaries’ request, 261 due to non-compliance of contract clauses and 17 contracts were resiliated out of other reasons.

Under the projects finalized before 2015, as result of the support received, 42 tourism reception structures (boarding houses) diversified their range of tourism services. Diversification mainly consisted in the fitting up of multifunctional sports grounds - multifunctional/spaces for practicing winter, summer sports, swimming pools, beach areas/catering-restaurants/organization of events, conferences, access to internet /diversified leisure services – transport of tourists by sledge and carts, etc.

**The European post-accession program 2014-2020** provides financial support to private investments in the non-agricultural sector, for micro- and small-sized enterprises under P6 priority, targeting the agro-tourism accommodation infrastructure, the recreational and catering services in

the rural area. The financial support is oriented to the “Development /promotion of rural tourism services”, which continued in NRDP 2014-2020, through the transition procedure by which 199 projects were transferred for finalization, with a public value that remained to be paid of 8,805.90 thousands Euro under the sub-measure 6.4 “Investments in the creation and development of non-agricultural activities”, respectively 38 projects with a public value to be paid of 1,653.07 thousands Euro under sub-measure 7.2 “Investments in the creation and modernization of the small-scale basic infrastructure” (7).

These were added to:

- investments for infrastructure in agro-tourism reception units, projects for recreational activities (agro-tourism accommodation services, tourism leisure services and catering) under sub-measure 6.4 “Investments in the creation and development of non-agricultural activities”;
- rural tourism promotion under sub-measure 7.6 “Investments associated with the protection of cultural heritage”;
- tourism supply diversification in the rural area under Measure 19 – Support for local development -LEADER.

The beneficiaries of the financial support are the following:

- existing and newly established micro- and small-sized enterprises in the rural area;
- farmers or members of certain agricultural enterprises who wish to diversify their basic farm activity by developing a non-agricultural activity in the rural area within the already existing enterprise that falls into the category of micro-enterprises and small-sized enterprises, except for the non-authorized physical entities;
- communes as defined in conformity with the current legislation;
- NGOs as defined in conformity with the current legislation;
- religious establishment in conformity with the current legislation;
- authorized physical entities / commercial companies, having have public utility cultural heritage objectives, B class into their administration.

The specific eligible costs are the following:

- construction, enlargement and/or modernization and endowment of buildings;
- procurement and installation costs, under leasing inclusively, of new equipment and installations;
- non-tangible investments: procurement or development of software and procurement of licenses, permits, copyright, trademarks;
- rehabilitation, preservation and endowment of buildings/monuments from the immovable cultural patrimony of local interest, class B;
- construction, enlargement and/or modernization of the access roads of monastic establishments, class B;
- rehabilitation, preservation and/or endowment of monastic establishments, class B;
- modernization, renovation and/or endowment of cultural community centers.

The selection criterion for infrastructure investments on the agro-tourism reception units, leisure activity projects is based on the principle of stimulating the tourism activities in the sense of prioritizing the agro-tourism activities developed in the areas with high tourism potential/ eco-tourism destinations, natural protected areas, which were established in conformity with the Emergency Ordinance no. 142/2008 approving the National Land Management Plan.

The selection criteria for the investments in the rehabilitation and preservation of the cultural heritage of local interest is based on the tourism potential principle, in the sense of prioritizing the projects in the rural localities with tourism development potential; for the investments in the modernization and endowment of the cultural community centers, the population servicing principle is applied, the tourism potential principle of the rural locality respectively.

The non-refundable public support will respect the provisions of Regulation 1407/2013 as regards the *de minimis* support and it will not exceed 200,000 euro/beneficiary per 3 fiscal years. The intensity of the non-refundable public support can reach 90% for the applicants who carry out production activities, healthcare services, sanitary-veterinary services and agro-tourism activities.

The support for the income-generating projects will be received in conformity with (EU) R no. 1407/2013 on the application of Articles 107 and 108 of the Treaty on the functioning of the European Union for the *de minimis* aids, and the total value of the *de minimis* aids received for the 3-fiscal year period by one beneficiary will not exceed the maximum ceiling of the public support of 200,000 euro/beneficiary. For the public utility projects, non-generating incomes, the non-refundable public support granted under this sub-measure will be 100% of total eligible expenses and it will not exceed 500,000 euro. For the incomes-generating projects, the non-refundable public support received under this sub-measure will represent 80% of total eligible expenses and will not exceed 200,000 euro. The financial allocation of sub-measure 7.6: Investments associated with the protection of cultural heritage represents 15% of the total allocation of the measure (8).

## CONCLUSIONS

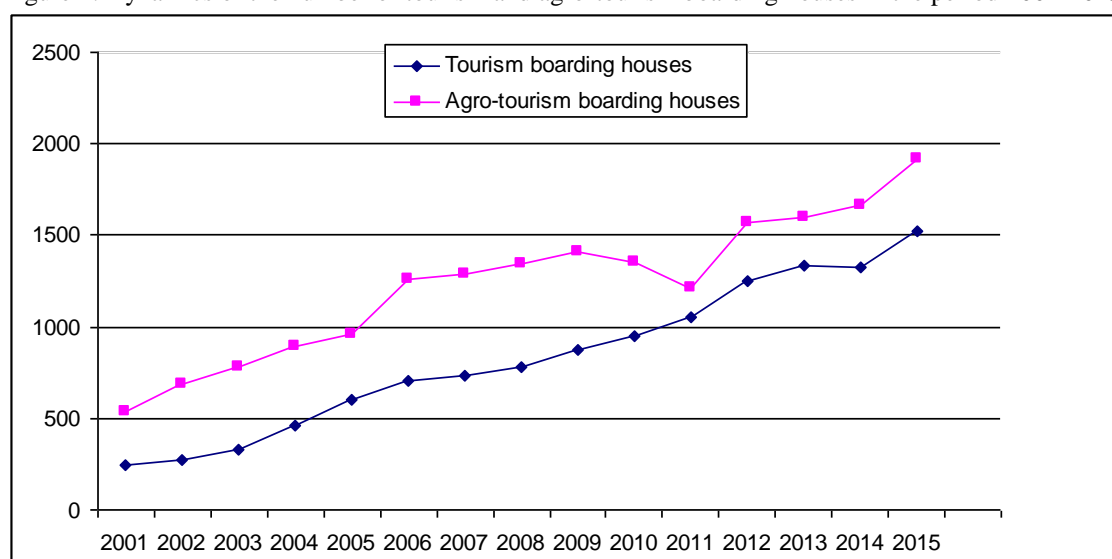
The funding programs from non-refundable European sources represent, for the development and promotion of tourism in the Romanian rural area, a support to the national economic interests and an extremely favourable incentive for the economic progress.

In the context in which the physical-geographical potential and the available human resources are the strengths of the conditions in promoting and development of rural tourism, to which the financial and information support from the European Union is added, the small-scale business development in this sector is acknowledged as the most important source of income-gaining jobs in the rural area.

Tourism development on boarding houses located in the rural area depends on the specific characteristics of each region – folklore, ethnography and agricultural products. At regional level, rural tourism development largely depends on the existence and quality of tourist accommodation structures and on the presence of various types of activities, i.e. folklore, ethnographic/cultural heritage and farming and vine growing practice (agro-tourism).

The clear and unequivocally inflow of EU funds contributed to the development of services related to rural tourism and to the increase of the living standard of the rural people, through the development of the rural economy and of the entire rural space. Thus, in the period 2001-2015 (Fig. 1) the tourist reception structures with accommodation functions in the rural area (tourism and agro-tourism boarding houses) continuously developed. (10)

Figure 1. Dynamics of the number of tourism and agro-tourism boarding houses in the period 2001-2015



Source: Tempo-online database, 2016

However, the Romanian tourism sector is adversely affected by the lack of organization, promotion and dissemination of information on the tourism centers and by the limited number of

these centers activating at local level. Rural tourism is not fully developed so as to meet the market needs at national and international level, while the tourism infrastructures in particular do not comply with the requirements and needs with regard to the accommodation and recreational structures, from the qualitative and quantitative point of view.

As a consequence, the strategic direction of action for the next years must ensure the legislative foundation from which the whole system of institutional-legislative instruments should start, meant to foster tourism development and diversification in Romania, as a strong and efficient platform for guaranteeing the sustainable economic and social development.

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