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# STUDY ON EUROPEAN FUNDS ABSORPTION IN ROMANIA FOR MEASURE 313

Case Study

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## Keywords

European funds  
Rural tourism  
Sustainable development

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## JEL Classification

L80, O20

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## Abstract

*In this paper we wish to highlight the main causes of regional disparities in Romania in terms of absorption of European funds through Measure 313: Encouragement of tourism activities. The post-accession of Romania shows a major deficiency in attracting funds from the European Union, this situation is generated, in particular, by the lack of a coherent long-term vision of the authorities, insufficient resources for co-financing projects, low administrative capacity at central and local level, lack of inter-institutional coordination, public-private partnerships failures and insufficient skilled human resources .*

*We will analyze the number of projects approved and implemented in each region of Romania (2007-2013) to establish the real possibilities of expansion of rural tourism.*

## 1. Introduction

Tourists are becoming more interested in the opportunities they present rural tourism and to meet market demand in this regard need to focus on diversifying tourism by combining ingenious passive recreation for active involvement in learning crafts and traditions and agricultural practices in the household , thus highlighting the educational component of tourism. Also stimulating leisure activities in rural surroundings combined with the promotion of traditional cultural activities benefit both tourists and rural population involved in these types of activities.

EU structural instruments are designed to stimulate economic growth and EU Member States to drive the reduction of regional disparities . They do not act alone but requiring ensures contributions from Member States concerned. They are co - financed mainly from public resources of the Member State , but in many areas is necessary and private financial contribution , which is encouraged in most cases .

For the programming period 2007-2013 , Romania has been allocated a budget of 19.67 billion euros , plus co -financing (state budget , local budgets and private sector) , amounting to about 9 billion. Structural Funds are implemented through five Sectorial Operational Development Programme, one for Human Resources Development and a Technical Assistance Programme , namely:

1. Sectorial Operational Programme Increase of Economic Competitiveness , which provide funding to SMEs, large companies, local authorities , to expand production capacity, modernization enterprise , access to public institutions and SMEs Internet and related services.
2. Sectorial Operational Programme Transport , the national transport infrastructure administrations can obtain financing for the modernization and development of the TEN -T, the necessary measures for environmental protection , modernization and development of national transport networks in accordance with the principles of sustainable development .
3. Sectorial Operational Programme Environment , which provides funding for projects the water / wastewater , waste management / rehabilitation of historically contaminated land , heat , nature protection , flood protection and reduce coastal erosion .
4. Regional Operational Programme , which aims to improve quality of life and appearance of cities and increasing their role in the region , upgrading social

services : schools , clinics , services for emergency response.

5. Operational Programme Administrative Capacity Development , which provides funding for studies and research on local government reform experiences in other Member States , technical support for institutional strategies on computerization , training and technical assistance to support the best practices.
6. Sectorial Operational Programme Human Resources Development , which finances training seminars , development projects and promote modern management skills .
7. Sectorial Operational Programme Technical Assistance, which provides support and appropriate tools for coordination and effective implementation of structural instruments .

European Agricultural Fund for Rural Development ( EAFRD ) is a financing tool created by the European Union to support member countries in the implementation of the Common Agricultural Policy .

EAFRD for 2007-2013 was a funding opportunity for Romanian rural area, worth approximately 7.5 billion. EAFRD is based on the principle of co-financing private investment projects . European funds for agriculture can be found under key documents National Rural Development Programme( NRDP ) , divided into four priority axes , namely:

Priority Axis 1 : Improving the competitiveness of agriculture and forestry (43.95 % of EAFRD allocation for the four axes)

Priority Axis 2: Improving the environment and the countryside (26.05 % of EAFRD allocation for the four axes)

Priority Axis 3: Quality of life in rural areas and diversification of the rural economy ( 27.40 % of EAFRD allocation for the four axes)

Priority Axis 4: LEADER ( 2.6% of EAFRD allocation for the four axes)

Financial Plan NRDP axis (in EUR total period) - total

Axis 1 : 3,219,733,597 EUR

Axis 2: 1,907,802,112 EUR

Axis 3 : 2,007,598,426 EUR

Axis 4 : 188 059 896 EUR

Technical Support : 300 895 834 EUR

Complements to direct payments : EUR 500,108,880

Grand Total : EUR 8,124,198,745

## Method

The visual search task was adapted from the Socio - economic rural development perspective 2014-2020 and from The absorption of EU funds in

Romania Adelina Zgribuț, Eliza Olaru SNSPA, RISE, 2011

Were taken into account indicators such as existing accommodation structure, structure of functional accommodation, the accommodation capacity existing accommodation capacity in operation, the number of projects implemented under the NRDP Axis III, Measure 313 For case studies used data from the National Institute of Statistics and the charter of the Ministry of Agriculture and Rural Development, the situation of projects under the NRDP session.

There are few ways to measure success and return on investments in tourism, due to the semi - informal activities, promotion and marketing poorly organized especially at county and local level, making it difficult for entrepreneurs / operators to reach the market and business -and develop properly. However, with proper marketing and other support coordinated Romanian tourism unique products can be sold on the extent and diversity of their attractiveness, supporting tourism that minimizes negative impacts on the environment and local culture, but also generate revenue by creating jobs and contributing to conservation of natural and cultural heritage

## Results

Further developments will be detailed measure 313- Encouragement of tourism activities that fall under Axis III - "Improving the quality of life in rural areas and diversification of the rural economy" and have the overall objective of developing tourism activities in rural areas to increase the number of employment and alternative income and to increase the attractiveness of rural areas.

For Romania, a largely agricultural country, but with diverse natural and cultural heritage, mostly in good state of preservation, rural tourism is a viable alternative, yet underused, for diversification of activities in order to obtain additional income for the population in areas areas.

According to National Institute of Statistics (Attachment No. 1). Tourist reception expanded beyond traditional destinations so the tourist reception with functions of tourists' accommodation were 31.8% in other areas, 23.6% in resorts mountainous area, 22.3 % were in Bucharest (excluding the city of Tulcea), 11.6 % of coastal resorts (excluding town), 8.4 % and 2.3% in resorts in the Danube Delta (including town) (study of tourist accommodation capacity from 31 July 2012).

In the programming period 2007-2013, rural tourism was supported by the National Rural Development Programme for the period 2009 - 2012 under the measure 313 "Encouragement of tourism activities" as approved 679 projects aimed at the establishment or upgrading of tourist

accommodation structures with accommodation and projects envisioned recreational activities. (Annual progress report on the implementation of the NRDP in 2012). With all this support, rural tourism infrastructure with accommodation small (rural locations and rural tourism) has not reached a satisfactory level of development, particularly in terms of quality, the market demand both nationally and internationally.

Agritourism allows exploitation of the homestead accommodation availability, trained and properly equipped to receive guests, providing dining services and other complementary activities, directly dependent on the economic specifics of the farm, such as leisure activities, initiating various traditional occupations, horseback riding, fishing, course of therapy, etc.

Reducing income citizens through economic crises, unemployment, and inflation affected by mass tourism, and social class is part of the "middle class" income modest moves towards tourism.

Accommodation capacity existing agro pensions coupled with accommodation capacity in operation (annex . 2) of these structures lies the Central region first, with a continuous increase accommodation capacity existing in the analyzed period (by 135 % in 2012 compared to 2005), representing 40% of the country and of rural tourism; in terms of accommodation capacity in operation, it has grown by 146 % over the same period.

These regional differences recorded are explained by the fact that the development of rural tourism depends heavily on the specifics of each region: the type of tourism mainly in the region, the availability and quality of rural tourism, the presence of various types of activities, folklore, there ethnographic regions and practicing various agricultural activities. (statistical processing INS-TEMPO)

The specific tourism for Bucovina (North - East) is religious in Maramures (North - West) -Tourism architectural and ethnographic Transylvania (Central) - recreational and cultural tourism, food and wine, and at the foot of the Carpathian Mountains is fishing. Extremely diverse countryside, mostly well preserved, large country life with traditional components, agricultural and forestry potential of the highlands, rural specific architecture are natural factors that favor the development of rural tourism village. (National Strategic Framework for Development sustainable agri-food sector and rural areas in the period 2014-2020-2030 - Presidential Commission for public Policy agricultural Development). Number of accommodation units in the mountain area increased by 32 % in recent years (2005-2012). Of these, the most significant increase has been a tourism and agro pensions (64%) thanks in large

part to the existence of European funds for rural development pre and post accession.

This development was not carried out in a sustainable manner and most often did not correlate with the development of transport infrastructure, services and recreational facilities. It is still poor tourism infrastructure on tourist boards, mountain chalets or servicing of natural

For the 2007-2013 period the public contribution related measure was 313 Euros 544,222,774, of which we used only 6.5 % (EUR 35,321,942).

The low degree of absorption for measure 313 regarding rural tourism development was generated by the lack of experience in implementing this innovative concept, authorities preferring to use standard procedures to implement and monitor, limiting the potential of innovative measures that could be implemented.

Other causes generating the reduced absorption of structural funds could be:

- Low culture in project management for both public bodies and private ones;
- Weak involvement of public authorities in developing the capacity of potential beneficiaries of projects;
- Reluctance of beneficiaries generated by the low level of pre-funding of the operational programs and the high level of private financing;
- Delays in finalizing the lists of eligible expenses and payment and reimbursement procedures;
- Some misunderstandings between existing and newly established bodies involved in the management of structural funds and a lack of training and qualification for staff in certain intermediate bodies.

and historical monuments. (draft national strategic guidelines for sustainable development of the Carpathians 2014-2020)

### **Discussion**

Considering the above data, it must be correlated with the number of implemented projects under Measure 313 of the NRDP, namely:

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## Appendices

Table No. 1 : Implemented projects for Measure 313

| Measure | Period             | Implemented projects |              | Selected projects |              | Contracts |              | Payments     |
|---------|--------------------|----------------------|--------------|-------------------|--------------|-----------|--------------|--------------|
|         |                    | No.                  | Public Value | No.               | Public Value | No.       | Public Value | Public Value |
| 313     | Sept 2008-mai 2012 | 3.703                | 569.890.742  | 1.292             | 217.566.660  | 999       | 164.003.859  | 35.321.942   |

Annex No. 1: The number of farmhouses , by regions

| Types of tourist accommodation structure | Regions            | Year       |      |      |      |      |      |      |      |
|--|--------------------|------------|------|------|------|------|------|------|------|
|  |                    | 2005       | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|  |                    | UM: Number |      |      |      |      |      |      |      |
|  |                    | No.        | No.  | No.  | No.  | No.  | No.  | No.  | No.  |
| Farmhouses                               | TOTAL              | 956        | 1259 | 1292 | 1348 | 1412 | 1354 | 1210 | 1569 |
| -  | NORD-WEST          | 140        | 193  | 200  | 225  | 259  | 266  | 206  | 252  |
| -  | CENTRE             | 418        | 573  | 583  | 613  | 543  | 487  | 424  | 594  |
| -  | NORD-EAST          | 134        | 177  | 196  | 200  | 241  | 229  | 223  | 265  |
| -  | SOUTH-EAST         | 85         | 103  | 104  | 96   | 95   | 104  | 71   | 89   |
| -  | SOUTH-MUNTENIA     | 98         | 110  | 97   | 98   | 117  | 109  | 125  | 147  |
| -  | BUCHAREST - ILFOV  | 5          | 8    | 9    | 10   | 10   | 6    | 2    | 2    |
| -  | SOUTH-WEST OLTENIA | 38         | 43   | 48   | 47   | 70   | 60   | 74   | 108  |
| -  | WEST               | 38         | 52   | 55   | 59   | 77   | 93   | 85   | 112  |

Source: National Institute of Statistics

Annex No. 2: Accommodation capacity for farmhouses , by regions

| Types of tourist accommodation structure | Regions            | Year       |        |        |        |        |        |        |        |
|--|--------------------|------------|--------|--------|--------|--------|--------|--------|--------|
|  |                    | 2005       | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   |
|  |                    | UM: Places |        |        |        |        |        |        |        |
|  |                    | Places     | Places | Places | Places | Places | Places | Places | Places |
| Farmhouse                                | TOTAL              | 11151      | 14551  | 15448  | 16906  | 19783  | 20208  | 20683  | 27453  |
| -  | NORD-WEST          | 1347       | 1861   | 2006   | 2305   | 2941   | 3242   | 3142   | 4326   |
| -  | CENTRE             | 4270       | 5830   | 6147   | 6927   | 7094   | 6814   | 7232   | 10073  |
| -  | NORD-EAST          | 2000       | 2577   | 2857   | 3090   | 3817   | 3804   | 4062   | 4817   |
| -  | SOUTH-EAST         | 1574       | 1787   | 1793   | 1732   | 1871   | 2106   | 1386   | 2047   |
| -  | SOUTH-MUNTENIA     | 1049       | 1275   | 1216   | 1274   | 1700   | 1654   | 2036   | 2357   |
| -  | BUCHAREST - ILFOV  | 53         | 113    | 124    | 138    | 158    | 98     | 30     | 65     |
| -  | SOUTH-WEST OLTENIA | 388        | 450    | 545    | 571    | 1024   | 1017   | 1177   | 1695   |

|   |      |     |     |     |     |      |      |      |      |
|---|------|-----|-----|-----|-----|------|------|------|------|
| - | WEST | 470 | 658 | 760 | 869 | 1178 | 1473 | 1618 | 2073 |
|---|------|-----|-----|-----|-----|------|------|------|------|

Source: National Institute of Statistics

**Annex No. 3:** Accommodation capacity in operation for farmhouse , by regions

| Types of tourist accommodation structure | Regions            | Year           |            |            |            |            |            |            |            |
|--|--------------------|----------------|------------|------------|------------|------------|------------|------------|------------|
|  |                    | 2005           | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       |
|  |                    | UM: Places/day |            |            |            |            |            |            |            |
|  |                    | Places/day     | Places/day | Places/day | Places/day | Places/day | Places/day | Places/day | Places/day |
| Farmhouses                               | TOTAL              | 2528316        | 3188350    | 3625647    | 4038887    | 4735468    | 4891862    | 5378364    | 6864934    |
| -  | NORD-WEST          | 442105         | 657290     | 721865     | 807646     | 968270     | 1107215    | 1053455    | 1273953    |
| -  | CENTRE             | 1052896        | 1154270    | 1356503    | 1473890    | 1595194    | 1573856    | 1843037    | 2596629    |
| -  | NORD-EAST          | 461209         | 649285     | 723247     | 822018     | 955865     | 952161     | 1047315    | 1246142    |
| -  | SOUTH-EAST         | 182387         | 220925     | 220367     | 242558     | 292455     | 299933     | 291093     | 386435     |
| -  | SOUTH-MUNTENIA     | 232021         | 272569     | 336302     | 370585     | 463652     | 483193     | 514807     | 540013     |
| -  | BUCHAREST - ILFOV  | 15840          | 22640      | 24698      | 27496      | 26274      | 15318      | 12054      | 14570      |
| -  | SOUTH-WEST OLTENIA | 55267          | 76540      | 70255      | 102254     | 215796     | 194093     | 258437     | 360980     |
| -  | WEST               | 86591          | 134831     | 172410     | 192440     | 217962     | 266093     | 358166     | 446212     |