

# ROMANIAN RURAL DEVELOPMENT THROUGH TOURISM ACTIVITIES

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## **Abstract:**

*In Romania, rural development through tourism activities 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 funding received under the governmental programs, as well as to the activity of certain organizations that 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. Taking this into consideration, the aim of the paper is to analyze the main measures and sub-measures under which eligible investments provide support to tourism development and promotion in Romania's rural area. The statistical data were completed by information from papers and studies published in specialty books and journals on tourism and rural development. The databases published by the Ministry of Agriculture and Rural Development and different organizations in the field were also investigated.*

**Keywords:** rural development policy, rural tourism, tourism market, Romania.

**JEL Classification:** L83, R11.

## **1. Introduction**

The rural tourism, agro-tourism and ecotourism are activities that contribute to better and more solid economic development of rural areas. For the rural communities, the support and consolidation of entrepreneurial environment and innovation in rural tourism represents one of the most important actions to identify and promote viable strategies, which should address the important economic changes produced in the rural areas, as well as to social needs in the countryside. (Burja, 2014, Dorobanțu, Nistoreanu 2012),)

Romania's efforts to develop and promote tourism in the rural area has been completed by the support provided by the European Union (EU) funds since the year 2000. In conformity with the priorities and rural development directions of the National Rural Development Program (NRDP), the European pre-accession programme 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 programme for agriculture and rural development) and the European post-accession programmes 2007-2013 and 2014-2020 have granted and still grant community financial support through the EAFRD funds (European Agricultural Fund for Rural Development) for *the development of tourism activities in the Romanian rural area.*

In this context, the aim of the paper is to analyze the implementation of the main measures and sub-measures whose eligible investments provide support to tourism development and promotion in the Romanian rural area, in the period 2000-2017.

The statistical data were completed with information from papers and studies published in specialty books and journals related to tourism and rural development and different organizations in the field. The databases published by the Ministry of Agriculture and Rural Development were also investigated. The statistical information mainly came from the National Institute of Statistics (NIS). The information provided by the Ministry of Agriculture and Rural Development (MARD) was also used.

## **2. Romanian rural tourism development through the European funds**

The development of tourism in rural areas is an important political aim for the European Union member states. In Romania, according to the National Rural Development Programme

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(NRDP), co-financed by the European Agricultural Fund for Rural Development (EAFRD), the development of tourism activities in the rural area have allocated financial support through the following programmes:

- the SAPARD Programme 2000-2006, sub-measures of Measure 3.4 “Development and diversification of economic activities generating multiple activities and alternative incomes”, accredited in December 2003; payments to the beneficiaries of the measure started in October 2004;

- the NRDP 2007-2013, Axis 3 “The improvement of life quality in the rural areas and rural economy diversification”, Measure 313 “Encouragement of tourism activities” with 7 project submission sessions in the period September 2008 - May 2012, as well as the LEADER Axis which provides diversification of economic activities for creating alternative jobs and new income opportunities for farmers, multifunctional development of the rural space and its improvement for the benefit of future generations;

- the NRDP 2014-2020, which provides financial support to private investments for tourism supply diversification in the rural area. (Sima, 2016a)

Moreover, the indirect effects for specific activities in the rural tourism come from the following structural programmes:

- the Regional Operational Programme with Priority axis 5: “Sustainable development and promotion of tourism”; the key fields for intervention are: capitalization of the cultural heritage and modernization of related infrastructure; creation and modernization of specific infrastructures for the capitalization of specific natural resources; capitalization of the tourism potential and creation of the necessary infrastructure;

- the Sectoral Operational Programme “Increase of Economic Competitiveness” with the Priority axis 5 - “Romania – attractive destination for tourism and business”, which are two major national areas of intervention: tourism promotion and the development of the national network of Tourism Information and Promotion Centres;

- the Sectoral Operational Programme “Development of Human Resources”, for professional development and improvement activities,

- the Sectoral Operational Programme for “Environmental Infrastructure” for getting in line with the EU environmental standards, with reference to environmental protection and conservation.

### **3. Overview of accessed funds through the NRDP**

The National Rural Development Programme (NRDP) is a document in which the Ministry of Agriculture and Rural Development details how specific investments are financed from European funds for agriculture and rural development. Rural development priorities and directions contained in the NRDP, in close relation to the Community's priorities, have been established on the basis of a comprehensive analysis of both the socio-economic and environmental situation.

One of the NRDP general objectives has been to develop the tourism activities in the rural areas, which can contribute to the increase of the number of jobs and alternative incomes growth, as well as to the increase of rural space attractiveness.

The specific objectives have been the following:

- to create and maintain jobs through tourism activities, especially for women and youth;
- to add value to tourism activities;
- to create, improve and diversify the tourism infrastructure and services;
- to increase the number of tourists and the duration of visits.

The operational objectives were and are the following:

- to increase and improve the small-scale tourism accommodation facilities;
- to develop the tourism information and promotion centres;

- to create leisure facilities in order to ensure the access to natural areas for tourism purposes.

The financial support envisages investments for:

- infrastructure related to accommodation facilities;
- leisure activities;
- small-scale infrastructure;
- development and/or marketing of tourism services.

Within those measures, the following operations can be covered;

- construction, modernization, extension and endowment of the tourism accommodation facilities (agro-tourism structures and others type of accommodation structures developed by a micro-enterprise) having up to 15 rooms;

- for investments in tourism accommodation structures other than agro-tourism structures, the comfort level and quality of the services proposed under the project should reach the quality standard of minimum 3 daisies;

- for investments in agro-tourism, the accommodation structure, the comfort level and quality of the services proposed under the project must reach the quality standard of minimum 1 daisy;

- for investments related to connecting to public utilities, as well as purchase of equipment for the production of energy from other renewable sources than bio-fuels;

- private investments in leisure tourism infrastructure (independently or dependent on the tourism reception structure), such as camping spaces, swimming places/pools, purchase of traditional vehicles for walking, horse-riding tracks, including the first purchase of horses for tourism (except for those for races and competitions) as well as securing shelters, rafting;

- construction, modernization and endowment of information local centres, for tourism promotion;

- development of local on-line booking systems for the tourist accommodation centres in the rural area connected to regional and national systems;

- investments for setting up and arrangement of rural thematic roads (the wine road, road of pottery, woodcraft road etc.);

- elaboration of promotional materials for promoting tourism activities such as first publication of leaflets, billposter etc.

The direct beneficiaries of the financial support are the following:

- natural persons (with the commitment that until the date of signing the financial contract to authorize themselves with a minimum status of authorized natural person);

- 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 under the category of micro-enterprises and small-sized enterprises, except for the non-authorized natural persons;

- existing and newly established micro- and small-sized enterprises in the rural area;

- local communities;

- non-governmental organizations and professional associations;

- local public authorities.

The indirect beneficiaries are tourists staying overnight and visitors who have benefited from financed recreational facilities.

The factors with implication potential in the Romanian rural tourism development can be classified as follows:

- governmental institutions,

- local public administrations,

- administrations of the protected areas,

- members of the private tourism sector,

- non-governmental organizations,

- local communities,
- financiers,
- university environment,
- tourists.

#### 4. The consequences of European funds use to develop the tourism activities in the rural areas

In the period 2000-2006, the preference for rural tourism gradually increased and the project submissions reached 53.6% of the total allocated budget for Measure 3.4 “Development and diversification of economic activities generating multiple activities and alternative incomes”. The projects mainly refer to the modernization and the construction of new buildings used for tourist accommodation, restaurants and recreational areas.

At NRDP 2007-2013 level, rural tourism was approached directly through Measure 313 “Encouragement of tourism activities” from Axis 3: “The improvement of life quality in the rural areas and rural economy diversification”. Seven project submission sessions took place under Measure 313, in the period 2008-2012 (Table no.1). A number of 3703 projects were submitted with a public value of 569890.75 thousand euro. From the total submitted projects, 2586 projects were selected with a public value of 392288.78 thousand euro, out of which 1289 projects were contracted with a public value of 179867.78 thousand euro.

**Table 1. The situation of projects under Measure 313 by project submission sessions**

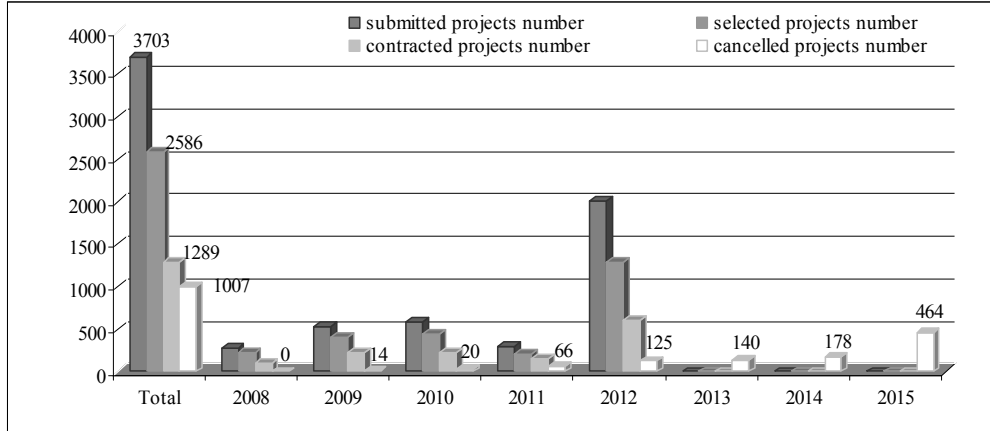
Project submission sessions		Submitted projects		Selected projects		Approved projects	
Year	Period	no.	public value (thousand euro)	no.	public value (thousand euro)	no.	public value (thousand euro)
2008	18.09-30.10.2008	121	22,571.38	100	19,839.17	41	7,4082.93
	17.11-17.12.2008	152	26,844.38	122	23,469.43	51	9,169.27
2009	12.10-06.11.2009	329	57,986.89	270	47,119.41	146	23,355.17
	16.11-11.12.2009	209	35,398.76	142	25,089.53	78	12,429.17
2010	01-30.07.2010	589	96,166.32	445	70,663.46	225	32,086.09
2011	01-31.03.2011	297	45,274.97	213	31,385.66	150	21,431.57
2012	17.04-16.05.2012	2,006	285,648.05	1,294	174,722.12	598	74,313.57
Total general		3,703	569,890.75	2,586	392,288.78	1,289	179,867.78

Source: Data from the “Annual Progress Report on the implementation of the NRDP in Romania, in 2015” <http://www.madr.ro/>

At NRDP 2014-2020 level, the financial support oriented to the development and promotion of rural tourism services, continued with 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 sub-measure 6.4 “Investments in 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 small-scale basic infrastructure”.

According to the MARD Progress Report on NRDP implementation in Romania, by the end of the year 2015, 1007 financing contracts were cancelled, out of which 729 at beneficiaries’ request, 261 due to non-compliance with contract clauses and 17 contracts were cancelled out of other reasons.

**Figure 1. Measure 313 “Encouragement of tourism activities” in the period 2008-2015**



Source: Data from the “Annual Progress Report on NRDP implementation in Romania, in 2015” <http://www.madr.ro/>

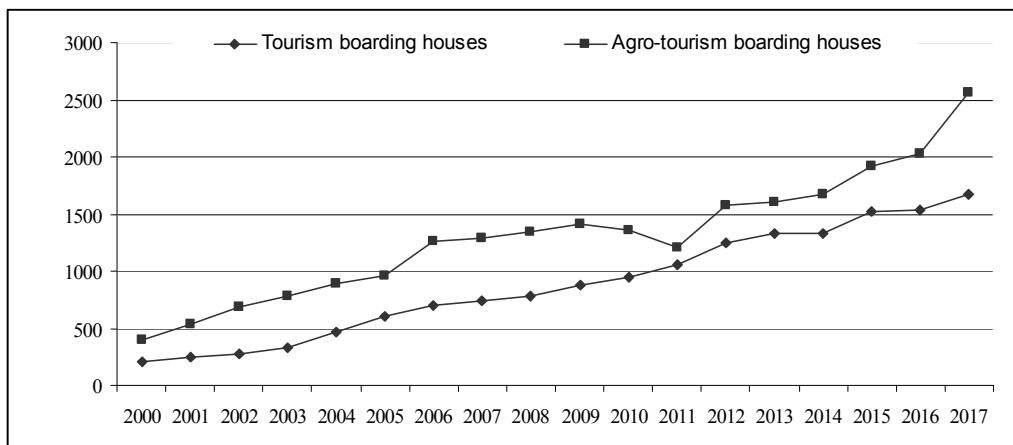
By the end of the year 2015, only 307 contracts were finalized, out of which 201 are in the category “Leisure infrastructure”, 103 in “Small size infrastructure” (information centers, signaling out the tourism sites, etc.) and 3 in “Development /promotion of rural tourism services”;

Finally, according to the “Ex-post-evaluation-of-NRDP-2007-2013”, for measure 313, the total number of direct beneficiaries of the measure was 1,289 and the total number of indirect beneficiaries of the measure was 50,421 (out of which 30,564 tourists staying overnight and 19,857 visitors/day who benefited from financed recreational facilities).

According to the National Institute of Statistics data, in the period 2000-2017, the number of tourist reception structures with accommodation functions in the rural area (tourism and agro-tourism boarding houses) continuously developed (Figure 2).

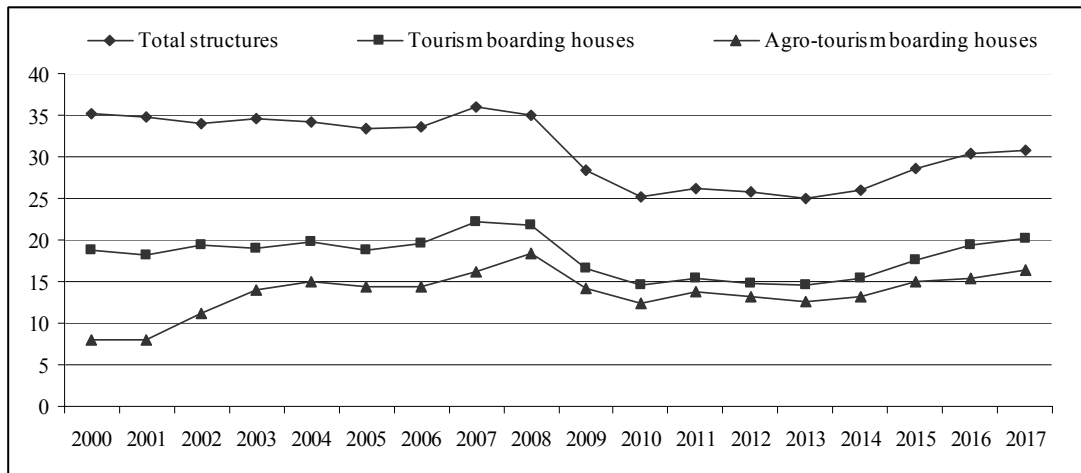
The analysis of the *net utilization indices of tourism accommodation capacity in use* (calculated by reporting the number of overnight stays to the tourism accommodation capacity in use in a certain period) reveals that by comparison to the other tourist accommodation structures, the agro-tourism boarding houses had an increasing trend from 2003 to 2008, followed by a slightly decreasing trend until 2010, with a slowly increasing trend after this year up to the present moment (Figure 3).

**Figure 2. Evolution of the number of tourism and agro-tourism boarding houses, in the period 2000-2017**



Source: Tempo-online database, 2018, <http://www.insse.ro/>

**Figure 3. Evolution of the utilization indices of tourist accommodation capacity in use, in the period 2000-2017**



Source: Tempo-online database, 2018, <http://www.insse.ro/>

### 5. Factors with potential impact on rural tourism development

The following objective and subjective factors affected the results of the actions targeting rural tourism development:

- Programme budget modifications:
  - Accessing the guarantee scheme by the beneficiaries of Measure 313 contributed to the development of a working relationship between the beneficiaries and the banking institutions;
  - Following the floods of 2010, the funds were transferred from Measure 313 to measure 322, sub-measure 322 d) Investment on rehabilitation works and modernization of road infrastructure damaged by floods;
- Programme administrative obstacles:
  - The complexity of the programme rules and procedures (e.g. reimbursement and payments);
  - The capacity of beneficiaries to understand the procedural implementation, poor advisory services provided;
- Financial obstacles:
  - Lack of collaterals for banking loans or lack of co-financing;
  - Lack of credit on the market to support NRDP projects, in particular investments, which created more difficult conditions for beneficiaries to implement / finalise their projects;
- Adverse macro-economic conditions:
  - Public administration investments did not increase from 2011 to 2014 and decreased afterwards, showing that the general conditions were not favourable to public investments;
  - The economic and financial crisis did not allow for a significant growth of the agricultural sector and exacerbated the financial conditions for public administrations in the rural areas;
- Other adverse conditions:
  - Low infrastructural facilities;
  - Decreasing public resources;
  - Depopulation trends;
  - Adverse weather conditions;
  - Low economic profitability of some agricultural activities;
  - Lack of transport infrastructure and services in the countryside.

## 6. Conclusions

The years that have passed since Romania joined the European Union was a time of radical change for the rural areas, with more or less positive effects. Romania received financial European support before and after its accession to the European Union related to the rural tourism and agro-tourism actions and recreational activities in the countryside.

According to our analysis, the reasons why the rural tourism is not considered a representative product for the Romanian tourism are the following: insufficient promotion of rural tourism activities, limited collaboration between the most important actors, lack of investments in this sector and absence of tourism policies, repeated blocking of local authorities' projects in local tourism, lack of coherence and absence of a strategy at central authorities level, lack of a coherent vision for the development of Romanian tourism, the lack of successive governments' interest in the development and promotion of Romanian tourism.

In order to obtain good results in the Romanian rural tourism activity, the following are necessary:

- improvement of infrastructure to support the rural tourism business;
- continuing to reduce bureaucracy in setting up and operation of agro-tourist boarding houses;
- a better information of the population with regard to the governmental programs for private initiative stimulation;
- popularization of the successful business examples of the Romanian entrepreneurs.

In the future, in order to improve the living standards in the rural areas, it is of utmost importance to create and maintain sustainable jobs, to initiate and consolidate businesses, to develop products, services and activities based on the existing potential.

The institutions responsible for the evaluation of NRDP implementation consider that the programme has been an important stage of accommodation and experience accumulation in accessing and implementing European projects. The applicants and beneficiaries have learnt lessons and gained experience that will be used for the next programming periods.

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.

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