

**Vergina CHIRIȚESCU**

*Institute of Agricultural Economics, Romanian Academy, Bucharest  
v.chiritescu@yahoo.com*

## EUROPEAN FUNDS AVAILABLE FOR AGROTOURISM DEVELOPMENT IN ROMANIA AND POLAND

### ABSTRACT

In the conditions in which we accept the idea that sustainable rural development can no longer rely only on agriculture, in most EU countries agrotourism can become one of the non-agricultural activities, adjacent and complementary to agriculture, to ensure the development of small-sized family farms, sometimes at subsistence limit; agrotourism is primarily a source of additional income for these. The European Union encourages, supports and finances the development of tourism and agrotourism activities in the rural area as rural and farm-related activities. In recent years, in Romania, many tourism and agrotourism programs of national and international interest have been initiated, developed and promoted, funded both from internal (budgetary and private) and international sources, mainly from European funds. An important component in funding the Romanian tourism and agrotourism programs is represented by the European Union funds, namely the structural funds.

**Key words:** agrotourism, Romania, Poland, sustainable development, European funds.

**JEL Classification:** Q10, Q18, R12, R13.

### 1. INTRODUCTION

The European Union encourages, supports and finances the development of tourism and agrotourism activities in the rural area as rural and farm-related activities.

The advantages of rural tourism development on agricultural holdings are obvious and mainly relate to:

- obtaining extra-agricultural incomes needed both for farm operation and development and to enhance quality of life and welfare for the farmer and his family;
- possibility to sell the agricultural, food and handicraft products obtained on the household directly to tourists;
- the use of surplus accommodation capacity and of surplus labour on the peasant household, i.e. the “guest room” and the family members that are only partially working in agriculture;
- a more efficient use of all local resources: tourism (natural and anthropic), human, financial, etc.;
- increase of the rural people’s educational, cultural and civilization level;
- increase of the rural population’s quality of life;
- environment protection and biodiversity conservation, etc.

## 2. EUROPEAN FUNDS ALLOCATED TO AGROTOURISM DEVELOPMENT

The users of the “green tourism” types<sup>1</sup> (agrotourism, ecotourism, etc.) can be found in the most diverse areas of the world: in almost all Europe (the European Community pays a particular attention to projects and programs for tourism in rural areas), North America, Australia and even Africa.

**Agrotourism** includes two important aspects, namely:

- on one side, the *tourism activity itself*, embodied in accommodation, catering services – in boarding house system – tourism movement, basic and additional services;
- on the other side, the *agricultural activity*, practiced by the agrotourism operators (the tourists’ hosts), materialized into the production and primary processing of agri-food products on the household, and their sale directly to tourists or to different commercial networks.

*The fundamental definition of agrotourism* should be based on the need to find solutions for the rural households, by increasing their incomes through the best use of their economic potential, developing accommodation services and modalities to sell their own and local products.

In these circumstances, we could say that agrotourism is a “privileged” area in terms of accessing the European development funds, the entrepreneurs having the possibility to submit project applications under several priority axes and under several measures through which different activities are funded: non-agricultural, rural development, support to farm development and modernization, rural economy, etc.

In recent years, in Romania, many **tourism and agrotourism programs** of national and international interest have been initiated, developed and promoted, funded both from internal (budgetary and private) and international sources, mainly with European funds. An important part of finance for the Romanian tourism and agrotourism programs is represented by the EU funds, namely the **Structural Funds**.

Under the National Rural Development Program (NRDP) 2007 – 2013, many programs for the Romanian agrotourism development are funded from EU funds.

The European Agricultural Fund for Rural Development (EAFRD) is a financing tool created by the EU to support countries in implementing the Common Agricultural Policy (CAP)<sup>2</sup>.

EAFRD – *European Agricultural Fund for Rural Development* – is a finance opportunity for the Romanian rural area, worth about 7.5 billion euros, from 2007 to 2013. Similar to the SAPARD program, EAFRD will be based on the principle of co-financing private investment projects.

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<sup>1</sup> In Romania the Ecological Green Tourism Association [www.turismverde.ro](http://www.turismverde.ro) was established in 2008.

<sup>2</sup> CAP – Common Agricultural Policy – consists of a set of rules and mechanisms governing the production, processing and marketing of agricultural products in the European Union, based on common prices and common market organizations, which lays an increased focus on rural development.

*The European funds for Romanian rural tourism and agrotourism development* can be accessed on the basis of the two *key-documents*, respectively:

- National Rural Development Program 2007–2013;
- National Strategy Plan for Rural Development.

*The Program priorities* are embodied in four *areas-axes*, namely:

- *Axis I* – “Increasing the competitiveness of agriculture and forestry” – 45% of the total EU funds, amounting to 3,246,064,583 euros;
- *Axis II* – “Improving the environment and rural areas” – 25% of EU funding, amounting to 1,805,375,185 euros;
- *Axis III* – “Quality of life in rural areas and rural economy diversification” – 30% of the European funds, 2,046,598,320 euros in total;
- *Axis IV* – “LEADER” will receive 2.5% of the amounts allocated to the other areas, i.e. 123,462,653 euros.

The proposed *investment projects* in the Romanian rural tourism and agrotourism development programs fall under:

- *axis I*, if we refer to the modernization of agricultural holdings with the objective to practice agrotourism as a complementary activity to agriculture and for gainful alternative incomes;
- *axis II*, when it comes to improving the living and working conditions of rural residents;
- *axis III*, if it is to diversify the rural economy by introducing rural tourism and agrotourism in the range of activities.

The *non-refundable European funds* under EAFRD will be awarded for the following types of private investments:

- Modernization of agricultural holdings (Axis I);
- Increasing the economic value of forests (Axis I);
- Adding value to agricultural and forestry products (Axis I);
- Improving and developing infrastructure related to development and adaptation of agriculture and forestry (Axis I);
- Diversification of non-agricultural activities (Axis III);
- Support to the creation and development of micro-enterprises in order to promote the entrepreneurial spirit (Axis III);
- Encouraging tourism activities (Axis III);
- Basic services for the rural economy and population (Axis III).

At present, referring to the **EU structural funds**, we refer to: the *European Regional Development Fund* (ERDF), the *European Social Fund* (ESF) and the *Cohesion Fund*, which contribute to the fulfillment of the following three **objectives**: “Convergence”, “Regional Competitiveness and Employment” and “European territorial cooperation”.

The rationale of the “**Convergence**” **objective** is to promote growth-enhancing conditions and factors leading to real convergence for the least-developed Member

States and regions. In EU-27, this objective refers to 84 regions in 18 Member States, with a total population of 154 million, and GDP per capita at less than 75% of the EU average. In a “phasing-out” system, this objective also includes other 16 regions with a total population of 16.4 million inhabitants and GDP only slightly above the threshold, due to the statistical effect of EU enlargement. The amount available under the “Convergence” objective is EUR 282.8 billion, representing 81.5% of the total. It is distributed as follows: EUR 199.3 billion for the Convergence regions, while EUR 14 billion are reserved for the “phasing-out” regions, and EUR 69.5 billion for the Cohesion Fund, which is applied to 15 Member States.

Outside the regions under the incidence of the objective “Convergence”, the **“Regional Competitiveness and Employment” objective** aims at strengthening competitiveness and attractiveness, as well as employment, through a two-fold approach. Firstly, development programs will help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, environment protection and the accessibility improvement. Secondly, the increase in the number and quality of jobs will be supported by labour force adaptation and by investing in human resources. In EU-27, 68 regions will be eligible in total, representing 314 million inhabitants. Out of these, 13 regions that are home of 19 million inhabitants represent so-called “phasing-in” areas and are subject to special financial allocations due to their former status as regions under “Objective 1” incidence. The amount of EUR 55 billion, out of which EUR 11.4 billion is for the “phasing-in” regions, represents slightly below 16% of total allocation. This objective is applied to regions from 19 Member States.

The **“European Territorial Co-operation” objective** will strengthen cross-border co-operation through joint local and regional initiatives, trans-national co-operation aiming at integrated territorial development, interregional co-operation and exchange of experience. The population living in cross-border areas amounts to 181.7 million (37.5 % of total EU population), whereas all EU regions and citizens are part of one of the existing 13 transnational co-operation areas.

The 8.7 billion EUR (2.5 % of total) available for this objective is distributed as follows: EUR 6.44 billion for cross-border, EUR 1.83 billion for transnational and EUR 445 million for inter-regional co-operation. This objective is based on the experience learnt from the former Community initiative - INTERREG.

Since 1957, ESF has helped millions of Europeans to get jobs, acquire new skills and find better jobs. The **European Social Fund (ESF)** is one of the EU Structural Funds, set up to reduce differences in prosperity and living standards across EU Member States and regions, and therefore promoting economic and social cohesion. ESF is devoted to promoting employment in the EU. It helps Member States make Europe's workforce and companies better equipped to face new, global challenges. In short, funding is spread across the Member States and regions, in particular those where economic development is less advanced. The European Social Fund (ESF) It is a key element of the Europe 2020 Jobs and Growth Strategy

targeted at improving the lives of EU citizens by giving them better skills and better job prospects. Over the period 2007-2013 some €75 billion will be distributed by ESF to the EU Member States and regions to achieve its goals. From this fund, Romania was allocated 3,684,147,618 EUR<sup>3</sup> and Poland 9,707,176,000 EUR<sup>4</sup>.

More than 56% of the population from the 27 Member States of the European Union (EU) lives in rural areas, covering 91% of European territory. This makes the **rural development policy** a vital importance area. Livestock production and forestry remain key factors for land use and natural resource management in the EU rural areas, being at the same time a platform for economic diversification in rural communities. Therefore, strengthening the rural development policy has become a priority for the Union.

The European Union has an active rural development policy, because in this way valuable objectives can be reached for the rural area and the people who live and work there. *The EU rural areas* are an essential part of the Union's image and identity. On the basis of a standard definition, over 91% of the EU's territory is "rural" and it is the home of over 56% of the EU population. Moreover, the impressive variety and beauty of the landscape give EU its unique character – from mountains to steppes, from large forests to large plains.

Many Romanian rural areas are facing significant problems. Some of the companies active in the livestock and forestry sectors still must strive to become competitive. More generally, the average income per capita is lower in the rural areas than in the urban areas, the skills are fewer and the sector of services is poorly developed. At the same time, the rural area management often involves a financial cost.

On the other hand, *rural Europe* represents a great wealth. It provides essential raw materials. The value of rest and recreation places it provides, remarkable by their beauty, is obvious. Like our lungs, it is a field of battle against climate change. Many people are attracted to the idea of living and/or working here, provided they have access to adequate services and infrastructure.

The **EU rural development policy** is targeted at solving up the problems facing our rural areas and at their potential exploitation. Theoretically, each Member State can decide and implement rural development policies on a completely independent basis. But this approach would not work well in practice. Not all EU countries could afford the policy they need.

Moreover, many aspects approached by the rural development policy are not strictly limited to the national territory or to a specific region (e.g., pollution has no borders and the struggle for a sustainable environment became a concern at European and international level). At the same time, the rural development policy is related to a series of other policies developed at EU level.

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<sup>3</sup> According to data published on the official website of the European Union – [www.europa.eu](http://www.europa.eu).

<sup>4</sup> Ditto.

Therefore, EU has a common rural development policy, which, in a fairly large extent, is controlled by Member States and regions. This policy is partly financed from the central EU budget and partly by the national and regional budgets of Member States.

The main rules governing the rural development policy for the period 2007–2013, as well as the policy measures available to Member States and regions are covered by (EC) Regulation no. 1698/2005 of the European Council. Under this act, the rural development policy for the period 2007–2013 focuses on three themes (known as “thematic axes”). They are:

- improving the competitiveness of agriculture and forestry;
- improving the environment and supporting countryside management;
- improving quality of life in rural areas and encouraging rural economy diversification.

For a balanced approach to policy, the Member States and regions are required to allocate available funding for rural development based on three thematic axes. An additional requirement is that some funding should support projects based on experience gained under the Leader Community Initiatives. In the rural development field, the “*Leader approach*” involves highly individualized projects developed and implemented by local partnerships to tackle specific local problems.

As before 2007, all Member States (or regions, where regional powers are delegated) shall establish a rural development program, clearly stating which measures will be funded in the period 2007–2013. For this period, more emphasis is laid on the existence of a coherent strategy for rural development at EU level. This is done with the national strategy plans that should be based on the EU strategic guidelines. This approach is intended to contribute to:

- identify areas where the use of EU support for rural development is a high added value for the Union;
- liaise with the main EU priorities (e.g., those in the Lisbon and Gothenburg agendas);
- ensure consistency with other EU policies, particularly those aimed at economic cohesion and environment;
- implement the new market-oriented Common Agricultural Policy and, therefore, the necessary restructuring of Old and New Member States.

The **European Agricultural Fund for Rural Development (EAFRD)** supports the European rural development policy. To this end, it provides finance to the rural development programs across the Member States and the regions of the Union.

The programs are designed in cooperation between the European Commission and the Member States, taking into account the strategic guidelines for the rural development policy adopted by the Council and the priorities laid down by the national strategy plans. The *Cohesion Policy* also plays a key role in supporting the economic regeneration of rural areas, complementing the actions supported by the European Agricultural Fund for Rural Development.

Europe's citizens are deeply attached to the diversity of landscape created by the wide variety of agricultural structures and farming types in the EU. Safeguarding this means investing in the future, creating new employment possibilities and encouraging rural diversification. People must be offered opportunities to create wealth as well as long-term rewarding job prospects. That is why the *Lisbon Strategy* is as important and relevant to rural areas as it is to urban Europe.

**Rural development** is the key tool for the restructuring of the agricultural sector, and for encouraging diversification and innovation in rural areas. EU enlargement has changed the agricultural map, recognizing the importance of restructuring for the economic growth of states. The rural development policy can help steer this process towards a higher value added, more flexible economy – in line with the Lisbon Strategy. In all Member States, rural development can help promote competitiveness in the agricultural and food processing sectors. Innovation as well as information and communication technologies (ICT) must play their role. As in other sectors, valuable research and development (R&D) must be moved out of the lab onto the farm.

Local initiatives such as *Leader*, which has contributed to the creation of new jobs, to the improvement of incomes and to the promotion of equal opportunities in rural areas, and support for (on farm and off farm) diversification, can play an essential role in connecting people to European ideas and encouraging innovation and entrepreneurship. Environment and tourism together are a major source of income and employment potential in rural areas.

The rural development policy does not operate under a vacuum. Many measures are relatively small-scale, but rural development actions can ensure that small-scale local infrastructure is put in place to connect rural communities with major investments under regional and cohesion policies. The significant EU structural funds invested in telecommunications, transport, energy and water infrastructure can be capitalized on via local strategies for the diversification and development of agricultural and food sector potential.

For Romania, the European Commission approved the **Regional Operational Program** (ROP) for the period 2007–2013, co-financed by the European Regional Development Fund (ERDF). The total budget of the program is around EUR 4.38 billion and the Community financial support amounts to EUR 3.7 billion (about 19% of the total EU funds invested in Romania under the Cohesion policy 2007–2013).

The overall ROP objective consists in supporting the economic, social, territorially balanced and sustainable development of the Romanian regions, while taking into consideration their specific needs and resources, focusing on urban growth poles, improving the business environment and basic infrastructure.

The Romanian regions, especially those lagging behind, could become more attractive places for living, tourism, investments and labour market. This objective will be reached through a differentiated financial allocation in close coordination with the actions under other operational programs by regions, according to their

development level. This strategy will give priority to the regions lagging behind and at the same time, a special focus will be laid on supporting urban growth poles, which can contribute to a polycentric development of the Romanian territory.

The strategic objective of the program is therefore:

- The creation of 15,000 new jobs by the end of 2015;
- The diminution of interregional disparities in the period 2007–2015 in terms of GDP per inhabitant;
- Creating better conditions for the balanced economic and social territorial development of all Romanian regions and of the urban growth poles able to support development.

ROP will support the promotion of actions meant to improve safety standards, to reduce the adverse effects on the environment, to mitigate climate change, safeguard transport infrastructures in case of natural disasters, as well as to eliminate dangerous black spots. While individual actions (road improvements) may inevitably tend to increase greenhouse gas emissions, other interventions (improvement of public transport, modernization of production facilities, elimination of transport bottlenecks) may contribute to the decrease of these emissions. The overall impact of the program will be to reduce the energy consumption and gas emissions causing climate change, by using the best available techniques.

The balanced development of all country's regions will be achieved through an integrated approach, based on a combination of public investments in local infrastructure, active policies to stimulate business activities and support for the valorization of the local resources, under the following priority axes:

**Priority axis 1: *Support to sustainable development of urban growth poles.***

This priority axis aims to increase the quality of life and to create new jobs in cities, by rehabilitating the urban infrastructure, improving services, including social services, as well as by developing business support structures and entrepreneurship.

In order to contribute to a balanced territorial development of the country and to avoid the increasing internal disparities, investments will be concentrated in those cities which act as regional and/or local growth poles and spread the development into the surrounding areas, giving priority to growth poles located in regions and counties with lower level of development in terms of GDP and unemployment rate.

**Priority axis 2: *Improvement of regional and local transport infrastructure.***

The aim is to increase the accessibility of the regions and the mobility of population, goods and services, in order to foster sustainable economic development.

**Priority axis 3: *Improvement of social infrastructure.*** The objective is to create the premises for better access of the population to essential services, contributing to the achievement of the European objective of economic and social cohesion, by improving infrastructure for health, education, social and public safety in emergency situations.

**Priority axis 4: *Strengthening the regional and local business environment.***

This priority axis aims to set up and develop business support structures of regional

and local importance, rehabilitate industrial sites and support regional and local entrepreneurial initiatives, in order to facilitate job creation and sustainable economic growth.

**Priority axis 5: Sustainable development and promotion of tourism.** This priority axis aims mainly to sustainable valorization and promotion of the cultural heritage and natural resources with tourism potential, as well as to improve the quality of accommodation and leisure tourism infrastructure, in order to increase the attractiveness of regions, develop the local economies and create new jobs.

**Priority axis 6: Technical Assistance.** The objective of this priority axis is to provide support for the transparent and efficient implementation of the program.

*Table 1*  
The distribution of revenues by priority axes in Romania

(EUR)

Priority Axis	EU Contribution	National Public Contribution	Total Public Contribution
Support to sustainable development of urban growth poles	1,117,806,529	273,365,256	1,391,171,785
Improvement of regional and local transport infrastructure	758,355,021	118,355,985	876,711,006
Improvement of social infrastructure	558,903,260	98,629,992	657,533,252
Strengthening the regional and local business environment	633,423,700	76,471,117	709,894,817
Sustainable development and promotion of tourism	558,903,264	57,862,924	616,766,188
Technical Assistance	98,629,988	32,876,662	131,506,650
<b>Total</b>	<b>3,726,021,762</b>	<b>657,561,936</b>	<b>4,383,583,698</b>

Source: www.europa.eu - official website of the European Union.

For Poland, the European Commission approved the regional development program in the Wielkopolskie region in Poland for the period 2007–2013, entitled the “**Regional Operational Program for the Wielkopolskie for 2007–2013**”. This program involves Community support for Wielkopolskie under the “Convergence” objective.

The total budget of the program is € 1,639,800,809 and the Community investment through the ERDF amounts to € 1,272,792,644 (approximately 1.8% of the total EU funds to be spent in Poland under Cohesion policy 2007–2013).

**The Wielkopolskie Regional Operational Program (ROP)** is the region’s first ever large-scale, coordinated, multi-annual and financially stable program of development measures. Its strategic goal is to improve the region’s competitiveness, social cohesion and accessibility and put into value its unique economic and cultural potential and ensure the sustainable use of its environment. Consequently, Wielkopolskie ROP will become the region’s most important

instrument for making structural changes happen. It will also be an important tool for the delivery of the revised Lisbon Strategy. The Lisbon objectives allocation in the Program is more than 40% of its ERDF budget.

The program will ensure the creation of around 10 000 new jobs, out of which 5800 for women; 250 km of new roads will be constructed and 750 km will be renovated. 500 000 persons will receive access to broadband internet. The program is structured according to the following *priorities*:

**Priority 1: *Competitiveness of enterprises.***

The main objective of this priority will be fulfilled in the region by measures aimed at strengthening SMEs potential, their innovativeness, cooperative connections and links to science.

Another area of support consists of assistance to business environment institutions, which offer a variety of services such as information, consulting, training courses, financial assistance, technological support and also the support during the start-up (incubation) stage of business. In order to reinforce assistance to financial entrepreneurship, the possibility of creating and developing financial instruments is also envisaged, including the use of JEREMIE initiative.

**Priority 2: *Communication infrastructure.***

The unlimited exchange of goods, services, people and information is a basic factor shaping competitiveness of the region. Wielkopolske, in comparison to other regions of the European Union, is a region with a low standard and quality of roads, railways, air-transport, mass transport, communication and IT infrastructure.

This situation has a significant impact on competitiveness and investment attractiveness and thus job creation. The spatial differentiation of access to particular types of infrastructure is one of the main reasons for the intra-regional economic gap, which is the most important reason for the marginalization of particular parts of the region and certain groups of inhabitants. One of the consequences of this problem is that it results in a sub-optimal exploitation of the regional development potential.

**Priority 3: *Environment.***

Making the Wielkopolske voivodship an attractive place for investments and work, in accordance to the renewed Lisbon Strategy, is impossible in the absence of an increase in the quality of environment. The bad condition of the environment and the non-rational use of its resources are the most important factors limiting competitiveness of the region.

**Priority 4: *Revitalization of problem areas.***

This priority aims at strengthening selected areas where there is a concentration of problems or where the existing potential is incorrectly or inefficiently used. The measures undertaken in the framework of this priority will comprise two fields of intervention: renewal of (parts of) towns and of degraded post-military and post-industrial areas.

**Priority 5: Infrastructure for human capital.**

A diagnosis of the education system in Wielkopolskie showed that the structure of population over 15 years of age is dominated by persons with primary and secondary education. This is particularly visible in small towns and villages. A better education structure can be noticed in Poznań, in towns and in the entire area around Poznań. Due to the transport infrastructure shape and to economic conditions, these centers are not always available for people from other locations. Such scattering of human capital conditions the economic potential of each region.

**Priority 6: Tourism and cultural environment.**

The diversity of tourism and cultural attractions in Wielkopolskie is an important, yet not fully used development potential. To make the most of it, it is necessary to improve the poor condition of infrastructure and to understand the importance of nature and culture for the economic growth and creation of new jobs.

The emphasis will be laid on projects aiming at expanding tourism infrastructure (both technical and institutional) and using the cultural potential for tourism and for the economic development of the region.

**Priority 7: Technical assistance.**

The objective of this priority is to increase the possibilities of absorption of resources from the Structural Funds within the Regional Operational Program in Wielkopolskie.

This will be achieved through supporting the efficient and effective implementation of ROP (including communication activities). The priority will also allow for financing the preparations for the next programming period.

*Table 2*  
The distribution of revenues by priority axes in Poland

(EUR)

Priority Axis	EU Contribution	National Public Contribution	Total Public Contribution
Competitiveness of enterprises	328,887,000	147,010,705	475,897,705
Communication infrastructure	493,361,547	105,851,440	599,212,987
Environment	173,821,000	34,848,635	208,669,635
Revitalization of problem areas	54,060,000	15,744,706	69,804,706
Infrastructure for human capital	121,284,097	36,182,679	157,466,776
Tourism and cultural environment	61,470,000	27,370,000	88,840,000
Technical assistance	39,909,000	0	39,909,000
<b>Total</b>	<b>1,272,792,644</b>	<b>367,008,165</b>	<b>1,639,800,809</b>

Source: www.europa.eu – official website of the European Union.

### 3. CONCLUSIONS

At first difficult to understand, then difficult to accept, given its lack of prestige, rural tourism and agrotourism have slowly but consistently gained ground, mainly

on the tourism markets in the economically developed countries, highly Industrialized countries with a high urbanization level. Nowadays, the tourism in rural areas (agrotourism) is increasingly appreciated and demanded by the people living and working in increasingly stressful conditions inherent to modern civilization.

**The benefits of rural tourism/agrotourism**, versus traditional tourism are the following:

- very diversified, genuine and even unique tourism supply;
- rich natural, still unaltered resources of the countryside;
- vast cultural, spiritual and historical heritage of the Romanian people;
- exceptional ethnographic resources, folklore and gastronomy of the Romanian people;
- Romanian peasant' hospitality and traditional crafts (handicrafts, sculpture, agri-food processing, etc.);
- Picturesque Romanian villages, located in the hills, mountains or plains;
- Support from the Romanian state and from the European Union for promoting initiatives in the rural area, mainly for the development of tourism and agrotourism activities.

**Agrotourism** should be approached from a conceptual standpoint, as a *package of economic, social, cultural, sports, entertainment, etc. services, available to tourists*; these are to be carried out in natural areas, with minimal investment and in terms of protecting and preserving the environment.

Romania has been a EU Member State for more than three years and has the same rights and obligations as other EU countries. Unfortunately, our country has a low absorption of European funds in all the areas of activity (about 22% over the three years). Apparently, according to statistics, Romania ranks last in the European Union as regards the economic innovations and it in on one of the last positions in terms of investments.

However, in the conditions of Romania as a EU Member State, a continuous growth of the sector of services has been noticed, including the tourism and agrotourism services, as well as many changes of technical and organizational nature. At EU level, it is expected that tourism in all types and forms will generate about 3.5 million new jobs by the year 2015.

**Romania** has an *important tourism and agrotourism development potential*, which is not used at its full capacity. With a total area of 238,391 sq. km and a population of over 21 million inhabitants<sup>5</sup>, Romania is the second largest New Member of the European Union after Poland (312,683 sq. km area and 38.1 million inhabitants<sup>6</sup>). Romania accounts for 6% of the total EU area and 4% of its population.

**The finance problem** is the main obstacle facing the *business plans of the Romanian tourism and agrotourism*, but not only. In spite of this, there are sufficient foreign resources to finance Romania's business sector, as well as numerous EU funds that can be accessed.

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<sup>5</sup> Source: Wikipedia, the free encyclopedia – [www.wikipedia.org](http://www.wikipedia.org).

<sup>6</sup> Ditto.

Romania's problem, under these conditions, is the lack of information and communication, the transfer respectively, which in some cases is almost non-existing, of the information between the state institutions and the future investors or present players in the Romanian business environment. The support to private initiative by the Romanian State and other EU Member States can take the form of providing grants to fund the initiation of a business or the development of an already existing economic unit.

Although the **structural funds** are related to the EU budget, the modality in which these are spent is based on the sharing of responsibilities between the Commission and the Member States governments. The Commission negotiates and approves the development programs proposed by the Member States and allocates credits, the states and their regions manage the programs, ensuring their application, and select the projects that it monitors and evaluates; the Commission shall participate only to program monitoring, it hires and pays the certified (eligible) expenses and checks the control systems in place.

For each *operational program*, the State shall designate:

- the management authority (public authority or public or private authority at national, regional or local level managing the operational program);
- a certification authority (public authority or public body at national, regional or local level certifying the situation of expenditures and payment requests before being sent to the Commission);
- an audit authority (public authority or public body at national, regional or local level designated for each operational program and responsible for verifying the proper operation and control management system);
- a new rule designed to simplify the financial management of funds.

Due to the “**A program = A fund**” principle, the European Regional Development Fund (ERDF) and the European Social Fund (ESF) can fund each, on a complementary and limited basis, the actions that fall under the intervention area of the other fund (within 10% of the Community funding for each priority axis of an operational program). There is one exception to this rule: the European Regional Development Fund (ERDF) and the Cohesion Fund intervene together for the programs related to infrastructure and environment. The budgetary commitments related to the operational programs are made in annual tranches for each fund and for each target. The Commission shall release the first annual tranche before adopting the operational program, and then the Commission shall release the tranches by April 30 each year.

The **policy of cooperation for development** remains of main importance, which represents a *special policy of the European Union*, by which it provides official assistance for the development of developing countries, the European Union being the largest “donor” in the world.

The official assistance for development is the assistance provided by the European Union to the developing countries, under a bilateral and multilateral framework, through technical assistance, grants, loans or other forms of cooperation.

The **policy of cooperation for development** targets poverty alleviation and eradication of poverty in the future, by supporting the economic and social development of developing countries, their gradual integration into the economic circuit and world trade, the development and consolidation of democracy, of the rule of law, etc.

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