WAYS OF RAISING FINANCE FOR THE IMPROVEMENT OF TOURISM POTENTIAL AND TOURISM SERVICES

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Abstract. Structural funds represent a concrete possibility for Romanian economy growth, as well as a means to capitalize the huge potential for tourism characteristic to our country. This way, structural funds can become effective methods for financing, as long as there are projects congruous with the European legislation concerning the tourism sector. However, a very low degree of accessing is observable, primarily due to lack of pertinent knowledge, as potential beneficiaries rarely receive accurate, sufficient and complete information.

Key-words: funds, tourism, financing, beneficiaries, eligibility, accessing

1. Introduction

Although The Community had no direct tourism competence, several initiatives relating to this field have been supported through EU programmes and funds such as the European Regional Development Fund, the European Social Fund, the European Fisheries Fund, the European Agricultural Fund for Rural Development and the Competitiveness and Innovation Framework Programme [1].

Despite being a common topic of discussion, the European funds denote a concept that is rarely understood properly. Starting from the correct discernment that the European funds act as an essential advantage point for overcoming the distance between Romania and other member states, the overall perception has become distorted after going through a process of overbidding: the funds were presented as Romania’s unique opportunity to achieve progress, having a so-called mysterious impact upon wellbeing. The main problem is that European integration is confounded with “the rivers of money” flowing towards Romania. In fact, such funds become vital in contexts of actual economic crisis, as they are used to stimulate the economy and maintain the right pace for economic growth.

Romania has modest success in attracting funds from the European Union structural fund to remedy its declining tourism sector, supporting both private sector development and public tourism services. Success is defined in terms of the extent to which the programmes have enabled the local tourism industry to overcome what they view as the major obstacles to tourism development [2].

2. Problem Formulation

In Romania, the modernization, relaunch and development of Romanian tourism as well as the creation of modern and competitive tourist products on the tourist market can be financed by European funds. In order to implement a specific project in the tourist field, structural and cohesion funds can be accessed, being allocated at national level, but also community programs, where projects are selected at European level [3].

In the 2007 – 2013 timeframe, Romania will receive 19,667 billion EUR, in the form of three Structural Funds:

   ERDF - European Regional Development Fund: investments in the transportation sector, generating new employment opportunities, rural development projects, entrepreneurship.
ESF - European Social Fund: support for integrating disadvantaged groups and the unemployed into the market of labor, through financing of certain instruction measures and systems for labor recruitment and assistance.

CF – Cohesion Fund: assistance for the newest member states of the European Union with a GDP per capita smaller than 90% of the community average.

Besides these, two additional complementary instruments are to be implemented:

EFARD - The European Fund for Agriculture and Rural Development
EFF - The European Fishing Fund

Structural funds can be accessed via operational programmes, documents by which strategic actions are prefigured in the National Strategic Reference Framework (NSRF). Structural funds contribute to the fulfillment of the three EU Cohesion Policy objectives through the implementation of Operational Programmes, a policy applicable to all member states, with total financial allocations rising at 336 billion EUR during 2007 – 2013.

As with all other functions, it is essential to assign responsibilities and tasks in the field of monitoring and evaluation [4].

Existing operational programmes are comprised by the following categories: The Sectoral Operational Programme Technical Assistance, The Operational Programme Administrative Capacity Development, The Regional Operational Programme, The Sectoral Operational Programme Human Resources Development, and The Sectoral Operational Programme Transport.

3. Problem Solution
Activities in the field of tourism can be financed via specific axes within the Regional Operational Programme, as well as the National Rural Development Programme, the latter illustrating the method of obtaining funds in the rural tourism field.

The Regional Operational Programme addresses the eight Romanian Development Regions, assessed in compliance with EC Ruling No. 1059/2003 concerning the creation of a common statistical classification system for territorial units. In accordance with the aforementioned classification, eight Development Regions have been created in Romania: Development Region North – East, Development Region South – East, Development Region South – Muntenia, Development Region South – West Oltenia, Development Region West, Development Region North – West, Central Development Region, Development Region Bucharest – Ilfov.

The financial allocation for the Regional Operational Programme 2007 – 2013 is 4,568,341,147 Euro, of which 3,726,021,762 Euro come from the European Regional Development Fund (ERDF), while the remainder represents national public funds and private funds [3]. From these amounts, the estimative financial allocation for axis 5 “Sustainable promotion and tourism promotion” consists in 616,77 mil. Euro, of which 558,90 mil [5]. Euro represent the ERDF contribution, while 57,87 mil. Euro represent the national contribution (from public sources).

Tourism development, the fifth axis of the Regional Operational Programme, has been identified as a priority for regional development as part of the Regional Development National Strategy, given the tourism potential specific to all regions. This potential justifies the financial support offered for infrastructural rehabilitation of tourist areas and exploitation of national, historical and cultural patrimony, for their inclusion within the tourist circuit and promotion with the aim to attract tourists.

Tourism projects tend to be public sector – led and the project should form part of tourism strategy for the local area [6].

Tourism creates regional and local economic growth opportunities and contributes to the creation of new jobs by capitalizing the cultural and natural patrimony specific to each of the eight development regions, including economically and socially disadvantaged marginal areas. The funds have specific objectives and support for tourism development manifests itself in regions that already have an established tourist industry, in cross-border cooperation, rural development and also where tourism has contributed to the diversification of economic activities in areas of industrial decline [6].

The capitalization of tourism attractions in different areas of the country can contribute to the economic growth of urban centers in impasse, by facilitating the emerging and development of local
firms, transforming low economic competitiveness areas into desirable investment areas.

Implementation of this high priority ROP axis is expected to determine the qualitative growth, at European standard levels, of all conditions for practicing tourism, with a direct impact upon the rise registered by tourism demand in Romania, as an European tourist destination, by improving tourist zone infrastructures, accommodation services and leisure and by promoting Romania’s image in a sustained matter both internally and outside the borders.

The restoration and long-term capitalization of cultural patrimony, as well as creation / modernization of adjoining infrastructures stand out as necessities because Romania enjoys a historic-cultural and ethno-folkloric patrimony of great value and desirability for tourism.

There are over 700 cultural patrimony values of both national and international interest that have been instituted as universal patrimony values under the aegis of UNESCO (fortified churches, churches with exterior frescos, wooden churches preserved in Transylvania, Maramureș, Sălaj, Transylvanian Saxons’ fortified citadels, Dacian citadels, archeological parks, etc.). Unique cultural values like the Sighișoara inhabited medieval citadel can also be remarked.

Cultural-religious tourism is sustained by an accommodation capacity that represents 13,2% of the total number of accommodation areas at national level. The numbers of foreign tourists attracted via cultural-religious tourism has registered a rise of approximately 90% over the last few years.

In order for the cultural tourism to grow, it is necessary to solve all problems linked to access infrastructure for tourist objectives (archeological sites, architectural monuments etc.), which is insufficient and obsolete, the lack of parking spaces equipped with information and cultural tourism objective promotion points, the improper fortification installments in belvedere points, medieval castles, churches, historical monuments and monasteries.

The objectives set by this major field of intervention are: emphasizing the importance of tourism and culture, as a factor that can stimulate regional economic growth, complying with the principles of sustainable development and environment protection; extending the tourism season; increasing the numbers of tourists by exploiting the local and regional cultural tourism potential in both national and international tourism markets.

As part of this intervention field, ROP will finance the high-potential tourism objectives included in the UNESCO patrimony, from both urban and rural environments, national cultural patrimony of urban and rural provenience, local cultural patrimony from the urban environment.

The responsibility of establishing tourism growth plans capable to meet visitors’ current and future needs, as well as include these plans in other more general plans inside their field of responsibility belongs to local and regional authorities and natural reserve administrators. It is believed that the great majority of the private sector will invest in the improvement of specific tourism products and the development of other new products. These must comply with local tourism planning directorates and each financing request will only be valid as long as local tourism plans are respected.

The most important short-term tourism growth opportunities are provided by the niche tourism (equestrian tourism, speleological-tourism, adventure tourism, historic-memorial tourism, pilgrimage tourism, business tourism, etc.), which is based on natural and cultural resources such as: spa resorts, forestry regions, protected natural areas, regions that offer the possibility to practice winter sports, etc.

One of Romania’s major objectives refers to the promotion of tourist potential and the creation of the necessary infrastructure, in order to improve the country’s image as a tourist destination, and therefore its starting point is the premise that Romania has a very diverse, harmonious and symmetrically distributed tourist potential, which offers the possibility of practicing the whole range of forms of tourism throughout the year [7]. New tourist products and new forms of tourism emerge and are developed, such as rural tourism, agrotourism and adventure tourism, „wellness” components of the spa tourism, as well as other types of niche tourism. The business tourism is also developing within the context of the development of activities linked with the organization of congresses, symposiums and exhibitions, diplomatic actions and meetings determined by Romania’s accession to the EU and
NATO, as well as domestic and international cultural-scientific and business events.

Within this context, one of the medium-term priorities is represented by the development of the national tourist brand with an impact on both the development of the country brand and the development of the domestic and external tourist market. The development of the national tourist brand is more important seeing that Romania does not have a clear-cut image as a tourist destination, while its domestic and external promotion is insufficient and underdimensioned in relation to the demand [8].

In order to assess the degree of the accessing of structural funds we have analyzed and interpreted the existent data concerning the contracted projects for each region and we have noticed the tendencies and particularities of the absorption of European funds.

Hence, by analyzing the graphs below significant differences emerge between the eight regions of the country. It can be noticed that the Northern-East region along with the central area have profited from the majority of projects, rising to a total of seven out of 29 projects contracted at the national level. But, despite all this, the difference between the two regions is given by the level of allocated funds, and in this respect the Northern-East region surpasses the central region by a total of 134131089,2 euros [9].

These two areas are immediately followed by the South-East region within which there are 5 winning projects, while the North-West region and the West region come in forth and fifth place respectively, each with a number of four projects financed from European money.

At the opposite pole, we find the regions which have not succeeded in benefiting from projects in the field of tourism. The negative record is held by the capital of the country, as not a single euro from structural funds for this branch has been obtained. Then, with respect to the South region, South-West Oltenia region and South-Muntenia region, only one big or small project for each of these regions has been financed.

Another interesting aspect is the fact that if we make a list of the greatest three investments, we notice that they belong to local authorities and the aim of obtaining financing is the same: the rehabilitation of the historic centre of the cities of Arad, Alba Iulia, Oradea. Hence, it can be observed that structural funds can be used as a real way of development and modernization, taking into account that investments can rise to very high values, and the contribution of structural funds is a significant one, as they exceed 60% of the total value in each case.
4. Conclusion

In order to understand the poor accessing of structural funds in the field of tourism we have designed a questionnaire for the potential beneficiaries of these ways of financing.

Hence, by using this questionnaire for hotels and tourist pensions we have tried to observe their available information concerning the structural funds in the field of tourism, the source of information and if this type of funds have been accessed or at least attempts in this direction have been made.

The questionnaire was applied to firms in the private sector, in the South-West Oltenia region, (50%), South-Muntenia region (20%), South-East region (20%), North-East region (10%), 90% in the urban area and 10% in the rural area. Out of them, 20% fall into the category of microenterprises, 10% represent small enterprises, 40% medium enterprises, and 30% are considered large firms. 50% of respondents thought of developing their business, and their available sums are between 10.000 and 1 million euros.

Concerning the types of activities which they know to be financed from structural funds the interviewees answered that these funds are those which refer to the modernization of hotels, tourist pensions or the construction of new ones.

The data collected show that only 10% know how to access these funds and that they were informed by mass media, but 20% asserted that they had received information also from public authorities. Not one of the questioned firms has tried to obtain financing up to now, but even the steps that are to be taken in that direction are unknown to them.

Moreover, among the measures that are suggested for a better accessing of funds we count: the promotion of tourism as a national priority, a greater support on behalf of the government, managers’ common interest in promoting tourism, information through mass media coverage and in no way through commercials which don’t give real cases, the reduction of the number of documents that are to be drafted.. All respondents considered that the Romanian tourism is clearly confronting with a lack of promotion, and in consequence this represents one of the major issues and one of the causes for the poor development of the Romanian tourism.
In order to illustrate the fact that the results of the study that we have conducted can be extended at the national level we can bring to mind the survey carried this year by the responsible agency, regarding the degree of information of persons who are able to access European funds through the Regional Operational Program. Hence, in order to complete this survey the data collected from the potential beneficiaries of funds in the tourist field have also been used. The results of this study show the fact that at the national level, 30% of respondents consider they are very well or well enough informed about the Regional Operational Program, while 60% assert they are poorly informed. 10% refused to answer this item. Regarding the degree of information we have to take into consideration the fact that the local public authorities are the most informed about the ROP (75%), followed by the education institutions (63%), NGOs (44%), while the economic agents state they are informed only in a proportion of 14%. Thus, we can conclude that the main cause for the poor accessing of structural funds is due to inefficient information, but also to the low interest in the mediatization of this modality of financing.

As solutions for the improvement of the situation regarding the accessing of funds for the tourist industry we consider that various information campaigns should be conducted, but also specialized consultancy should also be provided by the state’s institutions, as the complexity of tourist guides and the technical terminology hamper the process of drafting the financing documents, especially when the formulation is unclear and the answers to the requests for clarification don’t come or they are come late. Another solution with spectacular effects could be the mediatization to a greater extent of the terms and the way in which funds could be allocated, by using the mass media and the internet, seeing their great power of influence and information.

At the end of our paper, we want to signal a red flag because according to statistical data, two and a half years since Romania joined the EU, the absorption rate of European funds was at the end of June of 4.6%, that is, out of the 30 billion euros that our country has to attract between 2007 and 2013, there have been made payments towards beneficiaries of only 553 million euros. This is a poor result, in spite of the fact that theoretically there are specialized organisms of the state which have to deal with the process of information, and some banks offer support to people who want to appeal to European financing.

And if efforts will not be made to improve this percentage, Romania will remain a country that contributes to the EU’s budget, but which is not capable of administering the sums of money that she is entitled to, by virtue of its affiliation to this international organism or quoting the governor of the National Bank of Romania „she will remain a poor country”.

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