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**Local Development Initiatives on the Black Sea Coast  
in Romania**

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**Abstract**

*The analysis of the specialized literature reveals the fact that the policies adopted and implemented at European level are based on the common and unitary approach of the development directions of agriculture and of the rural environment. If initially the attention was directed strictly to agriculture, later, the policies gave a special importance to the development of the rural environment in its integrity. Thus, actions were supported that address the most pressing issues of the rural area in the economic, social, and cultural field, with the use of local resources and potential. The most appropriate tool for carrying out these actions is the LEADER instrument, which is based on a bottom-up approach to both problems and solutions, with the involvement of local actors in decision-making.*

*The article presents an analysis of the financing for agriculture and rural space at the European and Romanian level, focusing on the impact of the LEADER instrument on the Romanian communities in the Black Sea area, from an economic and social point of view. The analysis covers the period between 2012 and 2021 and is carried out using the specific bibliography, establishing the relevant indicators, collecting the necessary data, and processing them to determine the result of the working hypothesis. The results of the study show that LEADER registers an increasing coverage of the rural area, with a special impact for a sustainable and sustainable development. The LAGs representing the communities on the Romanian shores of the Black Sea are a catalyst meant to accelerate the trends of integrated development of areas that have common characteristics, by enhancing local resources and developing cooperation with other communities. Increasing the quality of life of their own residents.*

**Keywords:** LEADER, local development, Local Action Group, common agricultural policy, rural development.

**JEL Classification:** Q01, Q14, Q18.

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## **1. Introduction**

In the context of the implementation of the Common Agricultural Policy, at the European level, a common approach has been pursued to the development directions of both agriculture and the rural area in general, with all its problems. The European Union (EU) has embraced the LEADER method and supported it from the beginning, the main source of funding being the European Fund for Agriculture and Rural Development (EAFRD), along the way, it has been taken over by three other EU funds: European Regional Development Fund, European Social and European Maritime Fund by scaling to urban areas, coastal areas, and social issues. LEADER initiatives are also present in non-EU countries, such as Moldova, Turkey, Georgia, Africa, Latin America, and China.

Over five programming periods, the EU has allocated and monitored the use of funds for rural development through the LEADER instrument, and for the future period, 2023-2027, the specific regulation also provides for at least 5% of the value of Member States' Strategic Programs to be used for LEADER (EU, 2021). LEADER concept was first implemented in France in 1991 by Local Action Groups (LAGs), under the title: "Liaison Entre Actions de Développement de l'Economie Rurale", being taken the acronyms of the words and used as a brand for everything that has developed so far around this idea. The phenomenon has grown and been taken over by many states, so we are currently talking about 3134 LAGs, of which 2786 LAGs act in the field of rural development and cover 61% of the rural population in the European Union (ENRD, 2022). With Romania's accession to the European Union in 2007, funding for local development through LEADER has been provided in the National Rural Development Programs. This bottom-up approach has begun and is on the rise - with 163 LAGs set up in 2007-2013, in 2014-2020 239 LAGs operate (Ex-post evaluation study of the 2007-2013 NRDP, 2017, Rusu, 2021).

The article aims to present LEADER evolution in Romania, with a specific analysis for the LAGs in the Black Sea area, Constanța, and Tulcea counties. The article looks at the impact that the bottom-up approach has had in this region, from a social and economic point of view.

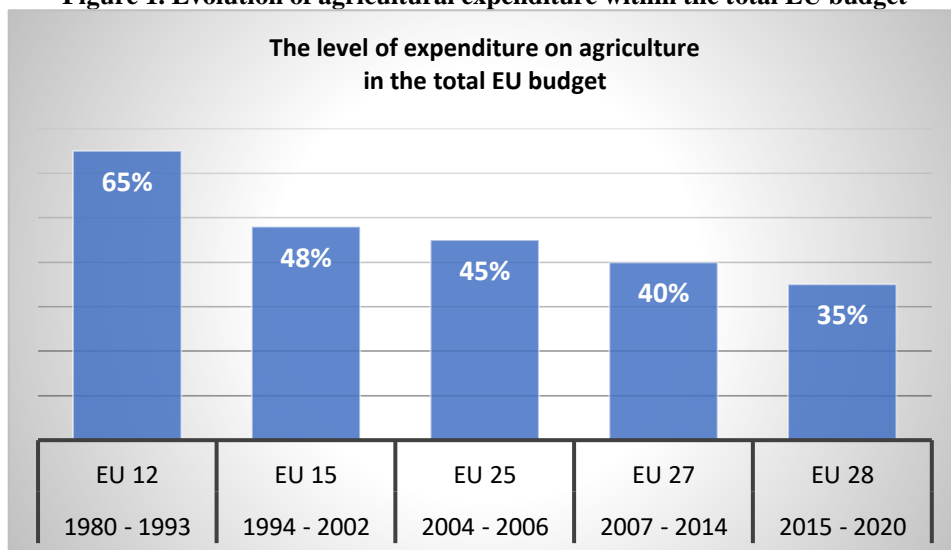
## **2. Problem Statement**

Scientific research has focused on the rural environment over time, it being an intensely debated topic. The rural environment must be perceived as a multisectoral, vibrant space, in which, in addition to agriculture - which remains the most common activity, the economic, social, and cultural levels develop and find here important resources on which to base themselves. In the context of rural development, the same trend is found in European Union funds: at the beginning, the funds were directed to support agricultural practices, following the inclusion in financing policies and socio-economic and cultural aspects, and for the future a considerable amount will be directed to environmental issues. Part of the literature shows that the impact of Common Agricultural Policy (CAP) on rural development is not significant, but has

a positive influence on the population, with insignificant effects in terms of economic production, takeover of farms by young people, gender equality and positive effects on the jobs created. However, because the studies only cover certain periods of implementation of the CAP and follow a limited set of indicators collected from restricted areas, this conclusion does not seem to have the desired accuracy, the effects of the applied policies cannot be precisely determined (Lillemets, Fertő, Viira, 2022). The European Union has always paid special attention to supporting agriculture and developing and revitalizing rural areas. The CAP applies to all Member States and is funded by the EU budget (Garzon, 2006).

In 1980, the EU allocation dedicated to agriculture represents 65.5% of the total budget, and in 2020 it reaches 35% (Figure 1). The decreasing trend of the allocated budget was balanced with the introduction in the other funds of some objectives aimed at the development of the rural environment (COM, 2021).

**Figure 1. Evolution of agricultural expenditure within the total EU budget**



Source: Authors' analysis with information from <https://ec.europa.eu>.

To set annual commitment ceilings for each sector supported at Member State level, the European Commission is proposing to the European Parliament for approval Multiannual Financial Frameworks, which cover a period of at least 5 years. Each multiannual financial framework is regulated by legislation which contains the general and specific objectives for the respective stage, rules for granting and managing funds, verification, and control of the beneficiaries of financing, monitoring, and reporting of results (Table 1). Six multiannual financial frameworks are established, with specific European regulations, including the future period 2023-2027. Given the problems raised by the COVID-19 pandemic crisis, the 2014-2020 cycle was extended until 2022.

**Table 1. European legislation on programming periods**

<b>Financing period</b>	<b>Specific European legislation</b>
1988 - 1994	Decision 88/377/ECC
1995 - 1999	Decision 94/729/EC
2000 - 2006	Regulation EC 1258/1999
2007 - 2013	Regulation 1698/2005
2014 - 2020 - 2022	Regulation 1305/2013
2023 - 2027	Regulation 2115/2021

*Source:* Authors' analysis with information from <https://eur-lex.europa.eu/>.

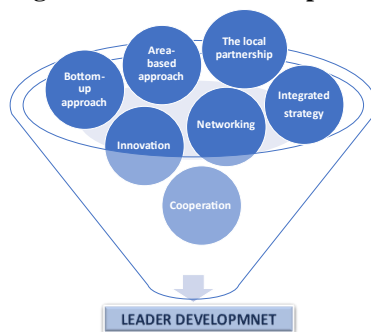
Each Member State is the beneficiary of funding for transposition into the national program for the implementation of the regulations of the Agriculture and Rural Development Fund, to be available to the EU budget. The approach to agricultural policies has been divided into two main directions: Pillar I – direct payments and market support payments and Pillar II – Rural development, farm modernization and agri-environmental measures. The new CAP will be implemented from 1<sup>th</sup> January 2023 and aims to simplify and streamline interventions for agriculture and rural development that encompass environmental ambitions - established by the European Green Deal (COM, 2021).

### ***Romania's Situation***

The urban population is the majority in Romania, but compared to other EU countries, Romania has a share of the rural population of 45.1% according to National Institute of Statistics data, while the European average reaches 29.1% (Eurostat, 2021). In the post-war period, the rural population represented almost 80% of the total population (Pascaru, 2012; Rotariu, 2017). The causes of the migration of the population from the village to the city are based on the forced industrialization closely related to the need for labour, educational and sanitary facilities, the high standard of living in the urban environment compared to the rural one, ready-built houses. It is necessary to support Romanian rural communities so that the rural family is encouraged and supported to develop in the environment of which it is part. The three great poles of power of rural life are: family, property, and production in direct connection with a fourth, the market, according to the publication "Old problems, new relationships in agriculture" (Popescu, 2013). The way in which the rural area developed after the fall of communism and the structure of activities carried out locally are related to multiple factors such as alienation of land to non-residents, shortcomings in the functionality of the land market related to property rights, lack of agricultural land valuation and forestry as a basis for setting trading prices, low incomes from agriculture, advanced age of farmers (Popescu, 2017). Romania benefited from 1.5 billion euros in 2000-2006 - the pre-accession funds SAPARD, together with the candidate states from Central and Eastern Europe, destined to prepare the participation in the Community Agricultural Policy. In 2007, with Romania's accession to the EU, it benefited from a total public value of 9.2 billion euros, through the National Rural Development Program 2007-2013,

to participate in achieving the common European objectives. In the period 2014-2020, Romania made available to rural areas 10.9 billion Euros, to which were added 2.1 billion EUR 0.6 billion of future funds for the transition period and EUR 0.6 billion - additional funds from the European Union Recovery Instrument - EURI following the COVID-19 pandemic crisis (NRDP, 2022). Experimental partnerships have been created as initiatives of local actors who have realized that the real problems of small communities in rural areas, they also find their solution locally, using existing resources and attracting funding from various sources. From the very beginning, for the LEADER method to work, 7 basic principles have been established, which must be activated simultaneously to obtain the expected results (ENRD, 2022). These principles aim at the bottom-up approach to problems and solutions from a homogeneous territory from a socio-economic point of view, the establishment of a partnership formed by the representatives of the sectors from the community, and the establishment of interconnected relations between partners, community, and decision makers, elaboration of a territorial strategy, identification of innovative solutions, and cooperation with other similar structures (Figure 2).

**Figure 2. LEADER Principles**



*Source:* Authors' processing with information from <https://enrd.ec.europa.eu/leader-clld/leader-toolkit>.

Over time, LEADER has been funded by structural funds, funds for agriculture and rural development, regional development funds, social funds, funds for aquaculture and fisheries, and has proven to be the longest-running instrument that has spread both as a cover territorial as well as directions of action, being in a continuous development. If in 1991, with 217 LAGs, it started from simple tools to support farmers, now, through the LEADER method, the 3134 LAGs support various issues: agriculture, rural development, tourism, digitalization, social issues, mobility issues, cultural heritage, fishing, and aquaculture, etc. (Ballesterosa, Hernández, 2016). In Romania, LEADER was included in the National Rural Development Program 2007-2013 as the 4th axis of financing with an allocation of 386 million euros, representing 4.1% of the total public allocation of NRDP (NRDP, 2015). Being a completely new approach for the Romanian rural area, 163 LAGs were started to operate only in 2012. Although this was a delay, the LAGs took shape and

the results of the implementation of local development strategies were above expectations. The success of the first programming period has made things considerably better in the second financial year (2014-2020), with 239 LAGs being set up covering almost 92% of the territory consisting of communes and small towns, less than 20,000 inhabitants, benefiting from an allocation of approximately 7% of the total value of NRDP (NRDP, 2022).

### **3. Research Questions / Aims of the Research**

The article aims to review the development interventions used by the EU for agriculture and rural areas in general, by establishing development directions within the common agricultural policy and the financing instruments made available to the Member States. Research focuses on analysing the impact of LEADER in the counties on the Black Sea coast of Romania, analysing all available information related to the achievements of LAGs operating in this area.

### **4. Research Methods**

The methodology used for this study is a combination of the literature with an analysis of data from the monitoring system, as well as the LEADER tool through NRDP 2007-2013, respectively, NRDP 2014-2020, and internal databases, as well as the databases provided by the EU, were used to achieve the purpose of the study and to reach relevant conclusions. The phrase @program LEADER @ generates over 7,280 million results on the Google's search engine in Romania, which creates a special interest in approaching this topic. The word group @Local action group @ returned more than 282,000 results, @Leader @ returned 208,000 results, which narrowed the search. Several scientific articles, papers, and publications have been studied for a detailed and well-structured document. Statistical data were used mainly on the website of the Agency for Financing Rural Investments, the Ministry of Agriculture and Rural Development, and on the website of the National Institute of Statistics.

### **5. Findings**

The analysis of the implementation of LEADER in the period 2012-2021 in the counties of Constanța and Tulcea, counties located in the extreme SE of Romania, which borders the Black Sea coast, was the subject of a useful case study for research.

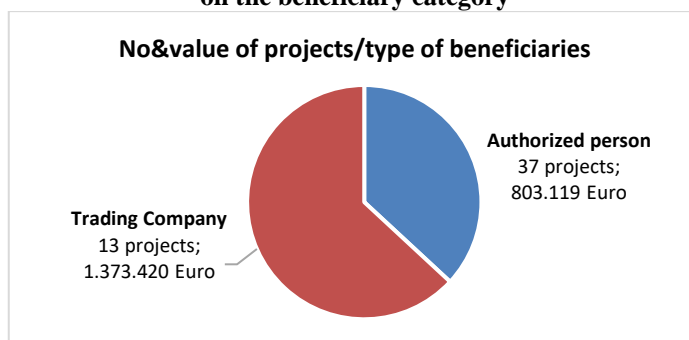
With an area of 7,071 km<sup>2</sup>, Constanta County represents 3% of Romania's territory. Constanta County includes 3 municipalities, 8 cities, and 59 communes. According to the information available on the database of the National Institute of Statistics on July 1, 2021 (NIS, 2021), statistical data on the population residing in the county show that 67.82% is urban population and 32.18.% is rural population out of the total population of 758,186. The natural potential of the region and the climatic conditions are favourable for the development of agricultural activities. The economy of Constanta County is diversified, mainly agricultural, but, by going

to the Black Sea, Constanta county has a very developed tourist base (Integrated Sustainable Development Strategy of Constanta County, 2019).

The surface of Tulcea county is 8499 Km<sup>2</sup> and represents 3.6% of the country's surface, a percentage that places it in the first places in the country in size. A large part of the territory of Tulcea County is occupied by the Danube Delta Biosphere Reserve. Of the total agricultural land, approximately 17% are in the Danube Delta area (NIS, 2021). There are 3 municipalities, 4 cities, and 46 communes in Tulcea County. The population of Tulcea County according to NIS on July 1, 2021 (NIS, 2021) was 229,953 inhabitants, of which 112,983 urban population and 116,970 rural population. Tulcea county has a special potential for the realization of those agricultural productions that would support the development of a representative zootechnical sector through the number and structure of the livestock (Integrated Sustainable Development Strategy of Tulcea County, 2014).

In the financial year 2007-2013, 163 LAGs were supported, of which in Constanta and Tulcea counties a no. of 5 LAGs, representing 3.06%. In Constanta, 3 LAGs were financed: Constanta Centre LAG, Constanta South LAG, Central Dobrogea LAG with a total value of Local Development Strategies of 8.5 million euros. At the level of the LAGs from Constanta County, 73 projects with a total value of 5,489,604 Euros were supported. The competitiveness of the agricultural sector was supported, young farmers, small farms, and the development of agricultural holdings being financed with more than 3 million euros. Also, 22 local public administration projects were supported, aimed at increasing the quality of life through services dedicated to the community, with a value of almost 2.5 million euros.

**Figure 3. Number and value of agriculture projects depending on the beneficiary category**



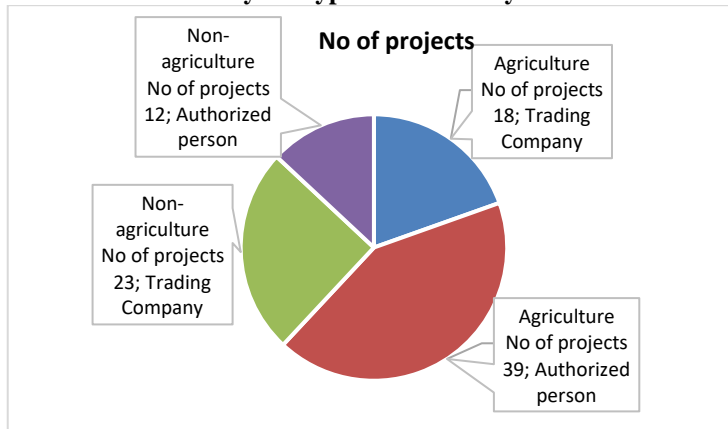
Source: Authors' analysis with information from <https://www.afir.info/opendata>.

From the analysis of the categories of financing beneficiaries, among the projects to support agricultural activities, most were implemented by beneficiaries with a simple form of organization, family type, these projects have but a lower value than the value of projects implemented by companies (Figure 3). In Tulcea, 2 LAGs were financed: The Danube Delta LAG and Valea Telitei LAG with a total value of Local Development Strategies of 5.7 million euros. Through the 2 LAGs, 72 projects with

a total value of more than 4 million euros were financed, of which 50 projects were for the support of agricultural activities with a value of more than 1.8 million euros, implemented by beneficiaries with the form simple to organize, and 22 projects with a value of more than 2 million euros for serving communities and for the development of tourism.

In the 2014-2020 programming period, LEADER funded projects with a focus on solving specific problems at the local level. The implementation of the Local Development Strategies is still ongoing, with completion in 2025. During this period, 12 LAGs are supported in Constanta and Tulcea counties, representing 5.02% of the total of 239 LAGs from all over the country. In Constanta County, in the period 2014-2020, there are 7 LAGs: Constanta Centre LAG, Canal Danube-Black Sea LAG 2016, Constanta South LAG, Dobrogea Verde LAG, Dobrogea Centrala LAG, Histria-Razim-Hamangia LAG, Dobrogea Sud LAG- West, which covers the entire area of the county, except for cities with more than 20,000 inhabitants. Through the 7 LAGs in Constanta County, 15.9 million euros were made available to local communities. At the end of 2021, the LAGs selected and funded 127 local initiatives worth more than 10.2 million euros, of which 57 agricultural projects with a value of more than 4.2 million euros, 35 non-agricultural projects with a value of more than 2.7 million euros and 35 investments of local public administrations with a value of 3.2 million euros.

**Figure 4. Number and value of agricultural and non-agricultural projects by the type of beneficiary**



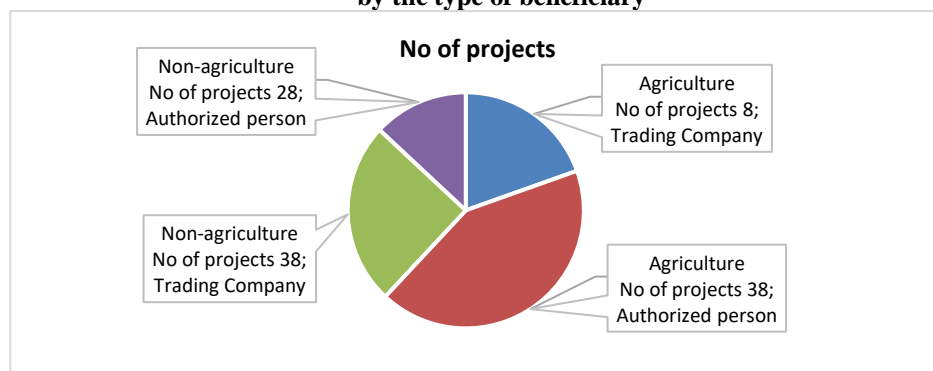
Source: Authors' processing with information from <https://www.afir.info/opendata>.

LEADER beneficiaries from Constanta County fall into the following categories: 18 companies that benefited from 1.7 million euros for agricultural measures, and 39 authorized individuals (Figure 4), family businesses, and individual companies benefiting from 2.4 million euros. For non-agricultural investments, 23 companies received support of 1.9 million euros, and 12 authorized individuals received 0.8 million euros.



In Tulcea County, in the period 2014-2020, 5 LAGs were financed, with the full coverage of the LEADER eligible territory in the county: Macinului Mountains-Old Danube LAG, Razim LAG, Danube Delta LAG, North Dobrogea LAG, People of the Delta LAG with a total value of 14.3 million euros for local communities. At the end of 2021, the LAGs supported 177 local projects with a value of more than 10.2 million euros, of which 46 agricultural projects with a value of 2.3 million euros, 66 non-agricultural projects with a value of over 3 million euros and 61 investments of local public administrations with a value of 4.7 million euros.

**Figure 5. Number and value of agricultural and non-agricultural projects by the type of beneficiary**



Source: Authors' processing with information from <https://www.afir.info/opendata>.

LEADER beneficiaries from Tulcea County are 8 companies with a value of 285,000 euros and 38 authorized natural persons with a value of 2,042,142 for agricultural type measures: 38 companies with a value of 1,717,257 euros and 28 authorized individuals with a value of 1,373,176 euros (Figure 5). If in the first funding period 2007-2013 163 LAGs were set up, in the 2014-2020 stage they received funding for 239 LAGs, replacing the existing model.

## 6. Conclusions

The research results clearly shows an increasing trend of beneficiaries in the period 2014-2020 compared to the first period. The analysis of the data showed the use of considerably higher funding for the development of agricultural holdings, to support the initiatives of local entrepreneurs and community services. Even if the analysis did not include values of economic indicators, such as the variation of the gross domestic product, those presented in the article demonstrate that the LEADER tool has made an important contribution to rural development in Constanta and Tulcea Counties in the local economy, aligning agricultural activities with European requirements, creating opportunities for entrepreneurs to diversify their incomes, with the support of the authorities by developing small-scale infrastructure and services for the community. This paper can be the starting point for a more in-depth analysis of the LEADER impact at the sectoral level for the studied area. Also, the same working methodology can be applied for other areas in Romania.

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