

## EU FUNDS IMPORTANCE FOR TOURISM OF VIROVITICA-PODRAVINA COUNTY

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### Abstract

Virovitica-Podravina County as one of the least developed counties has an opportunity to accelerate its development, including the development of tourism, by use of EU funds. Therefore, this paper, by using the case study method, describes the role of the EU funds for tourism development in Virovitica-Podravina County. Emphasis is placed on the total amount of funds disbursed from the EU funds, an analysis of EU projects that have been implemented and their impact on the development of tourism.

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**Keywords:** tourism, Eu funds, Virovitica-Podravina County

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### 1. Introduction

Development of rural tourism in Virovitica-Podravina County is recognized as one of the most important pillars of future economic development, employment and a way of efficient sustainable management. Demand for rural tourism is in line with global trends related to the increase in leisure time and the increasing number of days and dates convenient for vacation as well as increasing interest in travel, holidays in rural areas because of the pristine natural and cultural heritage, health care and the development of technological tools, resources and equipment which maximize the use of resources that rural areas have to offer. Mentioned world trend, demonstrating the growing interest for vacation in rural areas is a factor that greatly contributes to the development and the rise of interest in entrepreneurial invest-

ments in various forms of rural tourism in Croatia, which is best seen from the examples of successful Baranja, Dubrovnik hinterland, inland of Istria, Međimurje and Zagorje. However, despite a number of prerequisites for the development of rural tourism in Virovitica-Podravina County the rural tourism offer is very poor. Fundamental reasons for such a situation are arising from the failure to recognize potential, insufficient education of entrepreneurs and local residents for tourism and hospitality, the lack of entrepreneurial initiatives in rural tourism and lack of financial resources that would encourage investment in tourism infrastructure and the development of rural tourism in general. Funds of European Union have a strong influence on the development of a particular sector, particularly through various grants from the IPA programs. EU Funds importance stems from the fact that they enable funding of a variety of projects to advance the development of rural tourism by building the necessary infrastructure, development of new educational programs for entrepreneurs in tourism and new tourism products that would complement the tourist offer. Therefore, the aim of this paper is to show the importance and possibilities of using EU funds to promote rural tourism in the Virovitica-Podravina County and to determine how many of the projects have been carried out so far, what are the main activities of these projects and how much of the funds was withdrawn from EU funds.

## 2. Theoretical starting points

Modern trends that occur in tourist demand, harsh competition, lack of leisure time, changes in the needs, motivations and desires of tourists, and various other factors that are present in the international tourism market are affecting the trends of vacation and traveling, diversification of activities in vacation and thus impose the need to research, plan, design and management of tourist products. Tourists today are traveling more frequently, but for shorter durations and are increasingly turning to the specific forms of tourism in search of new experiences and adventures (Čavlek *et al.*; 2011), tourists are well informed, seeking more individual approach to the organization of travel, are unpredictable, spontaneous, have a sense for conservation of nature and ecology, are sensitive to the quality of services, they want more comprehensive tourist experience and thus more complex tourist product (Blažević, 2007; Vrtiprah, 2006; Moutinho, 2005). These changes in the affinity of tourists, as well as more severe market competition between certain destinations, changes in the environment, adjustment the new system of market values that are conditional on demolition of traditional offers and are initiating the

appearance of selective forms of tourism that seeks to enrich the tourist offer and provide tourists with meaningful tourist product tailored to their needs. Therefore, modern tourism development that is characterized, among other things, by market segmentation and routing of tourist demand toward specific forms of tourism represents an opportunity for the development of rural tourism types.

The concept of rural tourism has been developed and changed from its beginnings to the present day. Initially it represented only one form of tourism and it was infrastructurally underdeveloped. Its meaning and role in the revitalization and transformation of rural areas are beginning to make it stand out as a special part of tourism. It is based on natural resources, rural heritage, rural lifestyle and rural activities, i.e., activities in rural areas. The importance of rural tourism is expressed through mutual relationship between agricultural production, traditional products, tradition, traditional cuisine, tourist services and the use of existing resources.

Although at first glance, it seems easy to define rural tourism but it is just the opposite. The above mentioned hypothesis is confirmed by numerous authors such as (*Pearce; 1989, Ružić; 2009, OECD; 1994, Bramwell; 1994*) and they say that so far there has not been reached a firm consensus on a comprehensive definition of rural tourism. It is therefore inadequate to define rural tourism as tourism that takes place in the “green” or rural area. Since the definition of rural tourism is different in scope and understanding in different countries it is difficult to determine a comprehensive definition that would apply to all rural areas. *OECD (1994: 8-9)*<sup>1</sup> highlights the barriers that appear during the defining and states the following:

- urban tourism is not confined to urban areas but also includes rural areas;
- rural areas are difficult to define, because the criteria for the definition varies from country to country;
- tourism that is taking place in rural areas is not strictly ‘rural’ and may already be ‘urban’ in its form when it takes place in a rural area;
- various forms of rural tourism have been developed in different regions;
- rural areas are by their nature in a complex process of change. The impact of global markets, communications and telecommunications lead to changes in

<sup>1</sup> Organisation for Economic Cooperation and Development (1994): *Tourism Strategies and Rural Development* Organisation - General Distribution. Paris, str. 8 – 9, dostupno: <http://www.oecd.org/redirect/dataoecd/31/27/2755218.pdf> (14.1.2013.)

the market conditions and orientations towards traditional products. Though some rural areas are still experiencing depopulation, others experience influx of people and development of new non-traditional jobs. Once a clear distinction between urban and rural areas has been nullified by suburbanization, better communication and a growing number of weekend houses in the countryside;

- rural tourism is a complex activity it is not limited to the tourism on the farm. Which includes a stay at the farm as well as special forms of leisure such as a vacation in nature and ecotourism, walking, hiking and horseback riding, adventure, sport and health tourism, hunting and fishing, educational travel, art and cultural tourism which increases the interest in the market for small, specialized forms of rural tourism.

Organization for Economic Cooperation and Development (*OECD*; 1994, 34-35)<sup>2</sup> points out that the rural tourism is determined by rural area, i.e. its propagation, physical and socio-cultural characteristics and provides the following definition: „Rural tourism at the beginning is located in the rural areas and is primarily a function of agriculture. It is firmly based on the agricultural world with special characteristics of open space, contact with nature, rural heritage and society. Rural tourism must be in agreement with the environment and the community in which it occurs. Community has less than 10 000 people and includes farms within the area of agriculture. The focus of rural tourism is oriented towards a range of sustainable businesses and communities within the rural areas. The aim of rural tourism is to ensure long-term sustainability of life in the region, it must be a force for the preservation of rurality, not the power of urbanization“

According to the definition of the Council of Europe, rural tourism is a form of tourism, which includes all activities in the rural area or in an area that includes the land, the people and other resources in open natural areas and rural settlements, it is realized through various forms among which agritourism is specially recognized (tourism on rural economies / rural tourism), then hunting, fishing, leisure, sport - recreational, health, cultural, culinary, gastronomic, religious, ecotourism, tourism of protected natural areas, adventure, nostalgia and other forms of rural tourism (*Demonja & Ružić*; 2010). Given that, it can be concluded that rural tourism involves a combination of different activities that can take place in rural areas,

<sup>2</sup> Organisation for Economic Cooperation and Development (1994): *Tourism Strategies and Rural Development* Organisation - General Distribution. Paris, str. 34 – 35, dostupno: <http://www.oecd.org/redirect/dataoecd/31/27/2755218.pdf> (15.1.2013.)

depending on the structure of its attractiveness in order to meet the complex needs of modern tourists.

Republic of Croatia will soon be the 28th member of the European Union and in line with that as a candidate country has at the disposal pre-accession grant funds, which have a very important role in the further integration into the euro-zone and deepening, developing, building of relevant institutions and harmonization with the standards and requirements of the European Union. The above mentioned represents the incentive for the continuous improvement of economic and institutional preconditions for sustainable economic growth, development, democratization and objectively (pro)Europe oriented education of Croatian citizens about the pre-accession and structural funds as well as the European Union (*Jakovac; 2010.*). Pre-accession funds of the European Union are funds from the EU budget intended for non-member countries (so-called assistance programs - such as the CARDS program) and the candidate countries for membership in the European Union (the so-called pre-accession programs - such as PHARE, ISPA, SAPARD and IPA) with the goal of implementing political, economic and institutional reforms, pre-accession preparations for joining the EU, as well as use of the Structural and Cohesion Funds. Since 2000. The Republic of Croatia has been a beneficiary of the CARDS and pre-accession programs PHARE, ISPA, SAPARD and IPA. Croatia will gain the possibility of participation in the Structural Funds and the Cohesion Fund after accession to the European Union.

The main objectives of the IPA program are assistance to candidate and potential candidate countries in their harmonization and implementation of the *acquis communautaire* of EU and to prepare them for the use of the Structural Funds. Republic of Croatia has been a beneficiary of IPA program since 2007. until the moment of its accession to the EU. IPA program consists of five components: strengthening capacities and institution building, cross-border cooperation, regional development, human resources and rural development.

IPA programs intended for the area of tourism are related to IPA Component II - Cross-border and transnational cooperation, IPA component IIIc - Regional development and regional competitiveness, IPA Component IV - Human Resources Development and IPA Component V - Rural Development (rural tourism).

Regional and cross-border cooperation finances joint cross-border activities between the IPA beneficiary countries, as well as between them and the Member States of the European Union. The main priorities of IPA Component II are: en-

couraging cross-border cooperation, sustainable development, environmental protection, market development, improving the quality of life in border areas, to build the capacity of local, regional, national institutions for the implementation of EU programs. IPA component IIIc refers to the projects related to the development of new and existing business infrastructure in areas lagging behind in development. Some of the activities financed under the above mentioned projects are the preparation of architectural and construction projects, the development of business-community infrastructure within the existing commercial zones, where the lack of such infrastructure is an obstacle to SME development, the development and improvement of tourism infrastructure, the provision of support services designed to maximize the benefits of investments. IPA component V provides financing for rural tourism development through the following activities: the construction and/or reconstruction of apartments, rooms, facilities for sports and recreation, swimming pools, facilities for horse riding and keeping horses, facilities for freshwater fishing, retail space inside the winery, campsites, areas for preparation and serving of food and beverages, facilities for keeping animals for tourism purposes, marking trails and paths, old traditional houses and farm buildings, sanitary facilities, access for disabled, parking. It can also finance the purchase of equipment for the development of rural tourism, the equipment for rooms and suites, the sports facilities, equipment for the preparation and serving of food and beverages, equestrian equipment, nourishment equipment for animals, fishing platforms.

### 3. Methodology

For the purposes of this paper a case study was made, which included analysis of projects applied for the EU funds in the Virovitica - Podravina County which were granted funds for the implementation. Studies were conducted in the period from the beginning of March to the end of March 2013. Data was collected by using the method of semi-structured interview with the director of the Development Agency VIDRA, director of the Tourist Board of Virovitica - Podravina County and work on documents, during the qualitative analysis of the collected data, while using descriptive and comparative methods also methods of analysis, synthesis, specialization and generalization were used.

Case Study was aimed to determine how many of the projects have been implemented so far, what are the main activities of these projects and the funds withdrawn from EU funds.

A set of basic research questions have been set in accordance with defined goals:

1. To which tenders were applied projects of various stakeholders from the area of Virovitica-Podravina County?
2. How much are the projects worth and how many were approved?
3. What are the main activities of awarded projects?

In accordance with established research questions the tasks of the study have been defined:

1. Analysis of project proposals in the Virovitica-Podravina County.
2. Determine the value of the individual projects and the number of those for which the funding was granted.
3. Identify the major activities that are planned for realization during the project implementation.

#### 4. Overview of EU projects in the area of Virovitica-Podravina County

Table 1. Overview of approved projects in Virovitica-Podravina County

Project Number	Holders and project partners	Type of EU program	Value of the project	Main activities
1.	Virovitica-Podravina County, Town Szentlorinca and development agency VIDRA	IPA prekograničnog programa Mađarska-Hrvatska u ožujku 2012	2.115.973 Euros	Castle restoration in Kapela Dvoru into Tourism-Education Center—central point for cycling trails that will be marked on areas Pitomača – Terezino Polje, Kapela Dvor – Virovitica and Lukač – Budakovac. In castle Kapela Dvora will be a Tourism-Education Center with 20 accommodation units and other contents related to the development of cycling, as well as tourism in general
2.	Croatian Waters VIDRA – agency for regional development Virovitica - Podravina County in cooperation with Hungarian waters		1.634.192 Euros	Building and marking of cycling trails and paths Bicycle paths will be made at the embankment of the river Drava to Čačavica and Sopje towards Gradina and Terezino Polje
3.	Towns: Orahovica, Villanya and Ilok		411.839 Euros	The project will support three wine festivals and reconstruct the Wine Road, a distance of 2.7 kilometers.
4.	Towns: Slatina, Szentlorintz, Našice		374.422 Euros	Tourist and cultural Route by Imperial rail Szentlorintz-Slatina-Našice linking the towns mentioned. The project will complete the restoration of Heritage Museum in Slatina, including the room of Milko Kelemen and his legacy. A museum in Szentlörinc will be restored and equipment purchased for the museum in Našice. In all three cities will be organized a tourism manifestation and exhibitions related to the period of operation of the imperial railways whose remains still exist in Slatina, Našice and Szentlorinzu.
5.	Green associations from Osijek, nature Park Papuk and National park Drava Dunav from Hungary		159,774 Euros	This project in Nature Park Papuk will make a playground on Jankovac with the classroom for a school in nature and walking trails for people with disabilities. On the Orahovica part of the Nature Park it will make 3 rest stops for horses and riders on a horse riding trail, several mountain huts on top of the Točak and the Gornji Meljani will be constructed and walking, riding and hiking trails will be marked.

Source: Author



Stakeholders from the area of Virovitica - Podravina County have applied to tenders of IPA - CBC HU HR-III call (CBC Croatia-Hungary) since it was not possible to apply tourism projects earlier. Of all applied project, 5 projects were approved that are related to the IPA Cross-border Programme Hungary-Croatia from March 2012. The total value of all approved projects is 5,572,698 Euros. Main activities that are planned by projects are related to the reconstruction of castle in the Kapela Dvor into an Tourism-Education Center, which will be used as an accommodation facility with 20 accommodation units, followed by construction and marking of bike lanes, reconstruct the wine road (a distance of 2.7 kilometers), forming a cultural tourist route that will connect the cities Szentlorintz, Slatina and Našice (by Imperial railway Szentlorintz-Slatina-Našice). In addition, a children's playground Jankovac with a classroom for a school in nature will be built, walking trails for people with disabilities, several mountain huts on top of the Točak and in the area of Gornji Meljani, marking of walking, riding and hiking trails (*Table 1*).

Since the previous development of rural tourism in the Virovitica - Podravina County is characterized by underutilized tourism potential, undeveloped tourism infrastructure, insufficient promotion of tourism, unrecognizable image of the county tourism, lack of funding and low level of "tourist" consciousness, the resulting projects are an opportunity for the valorization of existing tourism resources in the county, improve the tourism infrastructure and indirectly enrich the tourist offer.

## 5. Conclusion

Creative and innovative tourism products that are in line with the needs of modern tourists are prerequisites for the development of tourism in rural areas. Since tourism is a capital-intensive economic industry, among other things, a significant financial resources are necessary that would enable its faster development. Therefore, the development of high-quality projects and the use of European Union funds can provide a strong development of tourism. Virovitica - Podravina county has so far received five projects from EU funds in the total amount of 5,572,698 euros, which will significantly contribute to the enrichment of the current tourism offer of Virovitica - Podravina County. Also, the County Development Agency VIDRA holds annual Educations for writing projects (PCM) for tourist agents and entrepreneurs in the tourism industry in order to familiarize them with the possibilities of European Union funds and actively engage them in writing projects to maximize concreteness of County's Rural Tourism. However, for rural tourism in the county to become a competitive tourism product it is necessary, first of all, to continue to invest and apply quality development projects and intensively use EU

funds. New projects which would be significant for the future development of tourism in the county should apply to: preserving and enhancing of natural areas and sustainable development; further development of bicycle paths and their networking with European cyclo routes; improving the offer and quality of accommodation facilities in accordance with the requirements of modern tourists in a way to avoid negative impacts on the natural and cultural environment, facilities with smaller accommodation capacity; accommodation on family farms, camps, eco villages; improvement of tourist information and tourist signs, providing more detailed information, including information about the tourism offer and information about accommodation and activities, establishment of distribution channels appropriate segment of modern tourists, development of training programs for managers, employees and the local population that is exposed to contact with tourists.

## 6. Literature

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