

CHANGES IN LEADER FUNDING FOR NON-AGRICULTURAL AREAS

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Abstract

LEADER funding, initially focused on agricultural modernization, has increasingly supported non-agricultural development as a means of strengthening rural economies and improving quality of life. This article examines the evolution and impact of LEADER interventions in Romania, highlighting how Local Action Groups (LAGs) have facilitated diversification through community-led strategies. Drawing on programmes results, literature analysis, and trends across the three programming periods, the study outlines the shift from basic infrastructure investments to a broader portfolio that includes rural entrepreneurship, tourism, social services, innovation, and digitalization. The 2014–2020 period marked the consolidation of LEADER as a major instrument supporting SMEs, social inclusion, and cultural initiatives, while the 2023–2027 CAP Strategic Plan introduces digital tools, sustainability goals, and expanded community participation. Although reforms such as process digitalization and simplified management aim to increase efficiency, challenges persist regarding uneven LAG capacity and the limited scale of non-agricultural investments. The cancellation of intervention DR-29 further reinforces LEADER as Romania’s primary mechanism for supporting rural non-agricultural activities. Overall, evidence shows that LEADER contributes positively—though modestly—to job creation, service quality, and local economic diversification. Romania’s experience demonstrates how flexible, community-oriented funding can empower rural areas to pursue sustainable and innovative development paths.

Keywords: LEADER funding, rural development, Non-Agricultural areas, Romania

JEL Classification: O18, R11, R58

1. Introduction

Over the past eighteen years, Romania’s rural development has shifted from a primary focus on agricultural modernization to a broader emphasis on non-agricultural diversification. Following EU accession in 2007 and the implementation of the Common Agricultural Policy (CAP), the LEADER programme has become a key instrument for community-led local development, enabling Local Action Groups (LAGs) to design and implement strategies tailored to local needs. Since joining the initiative, hundreds of LAGs have become active across Romania’s rural territories (Crunteanu et al., 2024).

Initially, LEADER funding focused on small-scale infrastructure and farm modernization. Over time, it has expanded to support entrepreneurship, sustainable businesses, tourism, and basic services, reflecting the increasing importance of non-agricultural investments for rural vitality. This shift aligns with broader strategic goals, including economic resilience, social cohesion, and environmental sustainability. By empowering LAGs to identify local priorities, LEADER ensures funding addresses both economic and social needs.

This article examines the evolution of LEADER funding for non-agricultural activities across programming periods, with a focus on beneficiaries, key focus areas, and strategic impacts. Studies indicate that LEADER funding has had positive, albeit modest, effects, such as improved business performance and new employment opportunities in rural communities (Opria et al., 2023).

Understanding these trends is crucial for evaluating how non-agricultural investments can support inclusive, sustainable, and resilient rural development in Romania.

2. Literature Review

Romania’s rural development policy has evolved considerably over the past fifteen years, reflecting shifting EU priorities, national strategies, and the increasing role of local communities in shaping their development trajectories. One of the clearest ways to examine this transformation is through the lens of the three main programming periods and the corresponding evolution of the LEADER programme, which has played a central role in community-led rural initiatives. Studying these periods highlights how policy instruments, funding mechanisms, and local governance models have adapted over time to support both agricultural modernization and non-agricultural diversification, offering insights into the strategic impact of LEADER interventions in Romania.

2.1. Understanding LEADER Funding

The LEADER approach has its roots in 1991 as a possibility offered to locals to develop strategies focused on the resources, realities and needs, threats and problems identified in their territory. To achieve this goal, Local Action Groups were quickly empowered through the creation of a public-private partnership. LAGs write down the Local Development Strategy (LDS) based on their needs, expectations and plans. (Alexa M.M., 2025).

In Romania, LAG’s began to work in 2011 as a bottom-up approach that consists of the vision of the Local Action Group’s management, guided by the National Rural Program, but fully adapted to the distinct local social, economic and environmental problems.

The LEADER programme illustrates Romania’s shift toward community-led, diversified rural development:

- 2007–2013: ~80 LAGs covering ~50% of rural territory; focus on capacity-building and small infrastructure projects.
- 2014–2020: 239 LAGs covering ~88–89% of rural territory; expanded support for small businesses, rural tourism, and social inclusion.
- 2023–2027: ~239 LAGs continuing coverage of 90%+ of rural areas; digitalized management, stronger focus on innovation, sustainability, and non-agricultural diversification.

The European Commission Factsheet (2024) outlines ambitious goals and expected outcomes, while studies provides evidence-based confirmation that LEADER contributes meaningfully to rural development, despite the operational challenges. The studies of the LEADER measures implemented between the 2007-2013 and 2014-2020 periods supports the general direction of the factsheet’s expectations but highlights that effective implementation—through stronger LAGs and systematic support—is essential for sustaining and expanding these impacts. Despite LEADER’s positive impact -funding did lead to job creation, entrepreneurial development, and greater social cohesion in rural areas—the studies highlights the need for continuous monitoring, ongoing support, and stronger LAG operational capacity to fully realise the programme’s projected potential. (Crunteanu et al., 2023, Prigoreanu et al. 2025)

Furthermore, the literature shows that the key factor distinguishing high-performing from low-performing LAGs is their ability to attract non-LEADER grants—demonstrating broader development capacity beyond LDS implementation. High-performing LAGs leveraged external funding to initiate complementary local projects and generate added value, whereas most LAGs were unable to secure funding outside the LEADER framework, raising concerns about long-term sustainability.(Olar, A., Jitea, M.I., 2021)

2.2. Romanian Funding Mechanisms and Budget for Rural Development

Understanding the evolution of LEADER funding for non-agricultural areas in Romania requires first examining the broader funding mechanisms and budgetary framework that support rural development. Romania’s rural development strategy is financed through a combination of European Union funds, primarily the European Agricultural Fund for Rural Development (EAFRD), and national co-financing, coordinated under the National Rural Development Programme (PNDR).

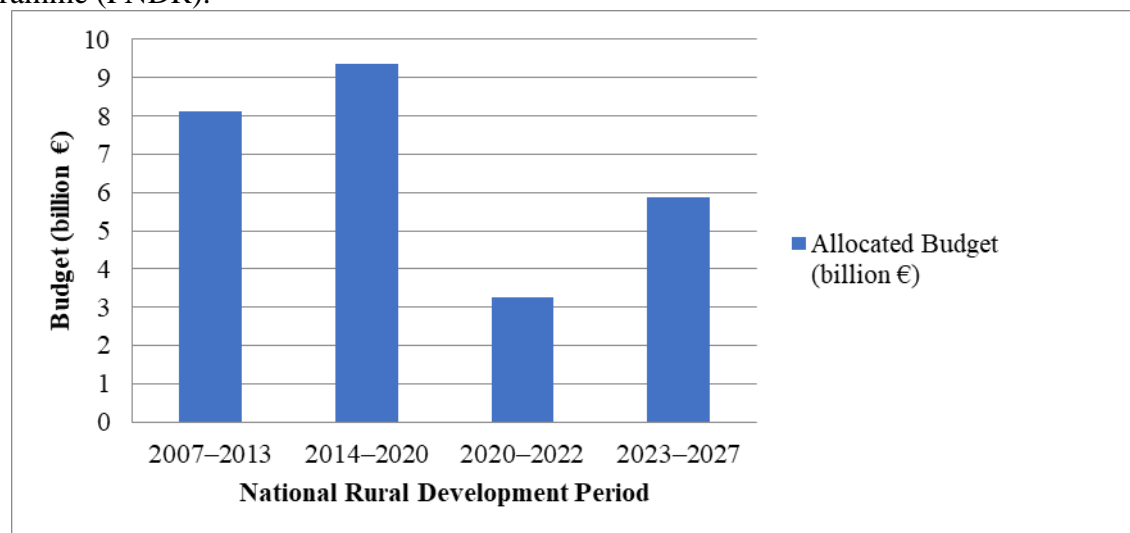


Figure 1. Allocated Budget by diferent Rural Development Periods in Romania

Source: Author’s analysis based on AFIR and MADR official data and communications.

The 2020–2022 period appears with a significantly lower budget because it consists primarily of EURI (NextGenerationEU) funds—an extraordinary recovery package created in response to the economic and social impacts of the COVID-19 pandemic. This funding supported transition measures such as rural micro-enterprises, digitalization, and environmental improvements within PNDR sub-measures.

Across the programming periods, funding allocations have shifted from agricultural modernization toward broader diversification, including social infrastructure, community services, and non-agricultural SMEs. The LEADER/CLLD approach enabled LAGs to target investments toward local priorities such as tourism, services, small enterprises, and sustainability-oriented initiatives.

Table 1. Evolution of PNDR Strategic Focus

Period	Focus	Characteristics
2007–2013	Infrastructure & agricultural modernization	Foundation stage; system building; limited diversification.
2014–2020	Competitiveness, environment, LEADER consolidation	Expansion of local development; better absorption.
2023–2027	Innovation, digitalization, sustainability	Simplified tools, stronger local focus, and more non-agricultural opportunities.

Source: Author’s synthesis based on AFIR & MADR documentation.

Budget allocations reflect these priorities: while early periods focused largely on agriculture, recent programming periods (2014–2020 and 2023–2027) have increasingly dedicated resources to non-agricultural development, promoting entrepreneurship, innovation, and social cohesion in rural areas.

Studies (Puie, F. 2020) highlight the importance of adopting an integrated and coordinated approach to financing, drawing on multiple funds to ensure a coherent national strategy aligned with European competitiveness requirements. For rural development, the implementation of ESIF funds during the 2014–2020 period complemented the support provided through LEADER initiatives financed under the EAFRD. Community-Led Local Development (CLLD) demonstrates how European funds can work together toward a common objective. This experience has paved the way for the multi-fund LEADER approach introduced in the current programming period, 2023–2027.

2.3. Non-agricultural focus areas

A key trend in Romania’s rural development has been the gradual shift toward non-agricultural economic diversification, aiming to create resilient communities and reduce dependency on traditional farming. Across the three programming periods, funding has increasingly supported activities that generate jobs, foster entrepreneurship, and enhance quality of life in rural areas.

a. Entrepreneurship and SMEs

Support for rural small and medium-sized enterprises has grown significantly. Funding covers start-ups, equipment, marketing, and business planning for ventures such as local craft workshops, food processing units, and service-oriented businesses. This has allowed villages to generate income beyond agriculture and retain young people locally.

b. Tourism and Cultural Activities

Rural tourism has been a major focus, particularly in the 2014–2020 and 2023–2027 periods. Investments target guesthouses, campsites, cultural centers, and local heritage initiatives like museums, festivals, and handicrafts. These projects not only create employment but also stimulate community engagement and preserve local traditions.

c. Social Services and Community Development

Non-agricultural funding supports social enterprises and community services, including daycare centers, education, and healthcare facilities. Many of these initiatives are implemented through Local Action Groups (LAGs), under the LEADER/CLLD approach, and aim to strengthen social cohesion and inclusion in rural areas.

d. Innovation and Digitalization

The 2023–2027 CAP Strategic Plan emphasizes digital skills and technological adoption. Rural businesses receive support for e-commerce platforms, online marketing, and modern management tools, helping them compete and connect with wider markets.

e. Environmental and Green Initiatives

Non-agricultural measures also promote sustainable projects, including renewable energy, eco-friendly crafts, and waste management enterprises. These initiatives often combine economic development with environmental education and community engagement.

f. Supporting Infrastructure

Funding also covers small-scale infrastructure that facilitates non-agricultural activities, such as workshops, storage facilities, or tourist information centers, complementing larger agricultural investments and enabling community-led development.

Table 2: Evolution of Non-Agricultural Focus Areas in PNDR / LEADER (Romania)

Programming Period	Main Non-Agricultural Focus Areas	Rural Development Measures	Integration with LEADER
2007–2013	Economic diversification (Measures 3.1.3 & 3.1.2), non-agricultural micro-enterprises, rural entrepreneurship, ICT & business skills training, improving quality of life.	Measure 3.1.3 – Diversification of the rural economy; Measure 3.2.2 – Village renewal & quality of life; Measure 111 – Training (ICT & business skills).	Pilot LEADER Axis (Measures 4.1 & 4.2); limited diversification grants via LAGs.
2014–2020	Non-agricultural SMEs (start-up + development), social enterprises, rural tourism, cultural heritage, quality-of-life infrastructure, innovation & cooperation via LAGs.	Measure 6.2 – Start-up support for non-agricultural activities; Measure 6.4 – Investment in non-agricultural activities; Measures 7.4/7.5/7.6 – Services, tourism, heritage.	Measure 19.2 – LEADER/CLLD support for SMEs, tourism, social economy, services; Measure 19.3 – Cooperation.
2023–2027	Innovation-focused local development, cooperation & networking; diversified non-agricultural income (green energy, environmental services); social inclusion; ICT/broadband infrastructure.	DR-29 – Non-agricultural diversification (NOT financed nationally due to fund reallocation); support redirected to local level via DR-36.	DR-36 – LEADER/CLLD: entrepreneurship, digitalization, services, local tourism, green economy, social inclusion.

Source: Author’s synthesis based on MADR & AFIR documentation.

There is a clear shift over time from a more agricultural-centric PNDR in the first period toward a stronger non-agricultural diversification in the later periods.

LEADER’s role becomes more strategic: while initially (2007–2013) it supported non-agricultural micro-enterprises and social infrastructure, by 2014–2020 the model is more mature, focusing on cooperation, innovation, social entrepreneurship, and local strategies designed by LAGs.

In the 2023–2027 period, the strategy seems even more integrated: non-agricultural activities are not just a sideline but a core part of rural development. There is also an explicit push for green economy (renewable energy, environmental services) and digital development in rural areas.

The growth in number and capacity of LAGs (LEADER) supports this transition: more local actors, more bottom-up initiatives, and more diversified projects.

Selected intervention codes from the CAP Strategic Plan 2023-2027 (Romania) under Pillar II (rural development) that are relevant for non-agricultural diversification (or at least partially so), along with indicative allocations.

Table 3. Indicative Allocations for Selected Interventions (Romania, 2023–2027)

Intervention code	Name of intervention	Indicative allocation*
DR-27	Creation / modernization of agricultural access infrastructure	€ 100,000,000

DR-28	Creation / modernization of basic road infrastructure in rural areas	€ 200,988,235
DR-36	LEADER – Community-led local development	€ 500,000,000
DR-29	Investment in creation and development of non-agricultural activities	cancelled / reallocated

Source: Author’s synthesis based on AFIR & MADR.

Over time, non-agricultural development has moved from a minor pilot component to a core pillar of rural policy, reflecting a holistic approach to strengthening rural economies, fostering innovation, and improving living standards beyond farming.

However, a detailed analysis of the first programming period found that non-agricultural projects made up just 4.6 % of all implemented LEADER-type projects, and absorbed only about 6 % of allocated funds for private non-agricultural initiatives—much lower than the absorption rate for projects in agriculture. (Opria et al., 2021)

Under the 2014-20 PNDR, the non-agricultural sector received €276 million for 3,080 investments (via sub-measures 6.2 & 6.4). In the same period, public-utility investments in non-agricultural fields (infrastructure, services) were much larger, over €1.3 billion in payments for more than 2,400 contracts (Afir, 2023).

Then segue into territorial coverage: mention that nearly 239 Local Action Groups operated by October 2019, covering roughly 89% of Romanian territory, demonstrating the wide scope of the LEADER instrument.

Over three programming periods, LEADER evolved from a pilot experiment to a nationwide system covering nearly all rural areas. While early stages focused on capacity-building and infrastructure, the new period emphasizes digital tools, entrepreneurship, and local innovation, aiming for deeper community impact rather than just financial absorption.

Across the periods, non-agricultural development has moved from a marginal component to a core pillar of rural policy. However, LEADER’s potential to support diversified development still depends on LAG capacity, effective governance, and the ability to attract complementary funding. While 2007–2013 offered limited non-agricultural opportunities, the 2014–2020 and 2023–2027 periods indicate a more integrated, innovation-driven focus with greater emphasis on digitalization, green economy, and community services (Crunteanu et al., 2023).

3. Discussion

Starting from the analysis of specialized literature and observing the types of projects financed in Romania through the LEADER programme, a series of conclusions can be drawn regarding the quantitative and qualitative evolution of rural development policy implemented through Local Action Groups (LAGs). The following sections synthesise the main strategic impacts identified across the three programming periods, emphasising the role of LEADER in supporting community-led development.

3.1 Strategic Impact on Rural Development

The evolution of rural development financing in Romania has generated a transformative impact on rural communities. By combining agricultural modernization, infrastructure upgrades, and non-agricultural diversification, EU-funded interventions have reshaped local economies, governance structures, and social dynamics.

a. Strengthening Local Economies

A substantial share of LAG-managed investments has been channelled toward rural enterprises. This orientation toward SMEs — including craft workshops, tourism ventures, and small-scale processing units — has created new jobs and diversified local economies beyond agriculture.

Analyzing the programming periods, we can see that through the funds allocated for non-agricultural measures, the creation of jobs was prioritized. At the same time, there is a shift from supporting new businesses to developing existing businesses. Modernization implies a success rate of establishment and demonstrates that the creation of sustainable business has been achieved.

We can also notice a maturation of financial allocations in the sense of a more coherent structure of defining the conditions for granting financing so that the success rate of the projects is aiming to the maximum.

Another important observation is that the support of non-agricultural businesses through the NSP 2023-2027 is made only through LEADER (DR36). A critical structural change occurred when the National Strategic Plan (NSP) 2023–2027 eliminated intervention DR-29, initially dedicated to non-agricultural businesses. The €150 million allocation was reoriented toward agricultural processing (DR-22 - intervention targeting „Investments in conditioning, storage and processing of agricultural products and fruit products”), reinforcing the traditional focus on agriculture.

We could conclude that through this movement it was confirmed once again that the national rural development programs are oriented towards supporting agriculture, LEADER becoming one of the most powerful tools to support non-agricultural projects.

b. Empowering Public Authorities as Key Beneficiaries

The allocation of rural development funds across different categories of beneficiaries has generated a diverse range of strategic impacts, as illustrated in Table 4. Public authorities have used these resources to enhance community infrastructure and essential services, while private companies have stimulated local economic growth through job creation and business development. At the same time, associations and foundations have contributed to strengthening social cohesion and fostering inclusion, and monachal institutions have played a valuable role in preserving cultural heritage and local identity. Together, these beneficiary groups form a complementary ecosystem that supports balanced rural transformation. Within this landscape, public authorities emerge as particularly influential actors, not only because of the nature of their interventions but also due to the scale of financial support they receive.

Table 4. Strategic impact by beneficiary type

No.	Beneficiary Type	Main Contribution
01	Public authorities	Improved community infrastructure and services
02	Private companies	Boosted the local economy and created jobs
03	Associations and foundations	Strengthened social cohesion and promoted inclusion
04	Monachal institutions	Preserved local traditions and identity

Source: Author`s own research

Studies (Alexa M.M., 2025) show that Public authorities, including local councils and public institutions, receive a large share of LEADER funding, representing about 15% of total investments. This reflects their pivotal role in delivering community infrastructure, social services, education, and health projects that enhance rural living standards and social cohesion. Their involvement ensures that development projects are inclusive and responsive to local needs.

Another observation that can be drawn from the projects financed by the previous programmes is that LEADER funded projects of local public authorities in almost every

administrative unit covered by the LAG territory. However, not always the need for development has been closely related to the financial allocation in this respect. This is due to the fact that the funds allocated to LEADER are in correlation with the population of the territory, and many poor areas are characterized by the phenomenon of depopulation and aging. In this respect, studies (Alexa M.M., 2025) show that areas such as the NE Region, characterized by the highest degree of poverty in Romania, benefited considerably from LEADER funds and managed to attract a good measure of these allocations for local public authorities.

Quantifying the impact of public-sector projects remains challenging. Indicators such as “number of direct beneficiaries” often reflect the entire population of a commune, making them less reliable than job creation or enterprise indicators.

c. Promoting Environmental Sustainability and Innovation

Recent programming periods, especially 2023–2027, integrate green initiatives and digitalization. Investments in renewable energy, eco-friendly enterprises, and digital tools support environmentally responsible development while enhancing competitiveness and connectivity for rural businesses.

This can be seen by allocating funds dedicated to this type of investment, but also by giving additional scoring in the selection process of projects that include environmentally friendly equipment, technologies or measures, thus encouraging the adoption of sustainable solutions and reducing the impact on natural resources.”

In addition to the business environment, which has been encouraged to adopt this type of measures, it should be noted that during the current programming period LAGs have been stimulated to promote measures such as Smart Villages. They aim at digitising local services, using smart technologies to manage resources, modernising public infrastructure and increasing access to innovative solutions for rural communities. In this way, local development strategies increasingly include interventions that support the transition to smart villages, increasing the quality of life and resilience of communities.

d. Supporting Strategic Local Governance

The LEADER/CLLD approach has fostered bottom-up governance, enabling communities to design and implement their own development strategies. This participatory model ensures that funding is more effective, locally relevant, and sustainable over the long term.

By establishing their own strategies, a concentration of some types of business was observed depending on the specifics of the area. For example, in mountain areas, investments in agri-tourism, processing of local products and services for recreational activities were prioritized, while in regions with high agricultural potential businesses related to processing, storage and economic diversification around the agri-food chain were encouraged. In other territories, with a craft tradition or specific natural resources, the strategies have favoured the development of small craft enterprises, cultural services or green initiatives. Thus, SDLs directly reflect the identity and needs of each community, generating development models adapted and with real impact on the rural environment.

Also, a distinct involvement of local actors depending on the specifics of the areas is observed. In this respect, in the northeastern region, characterized by a high concentration of monasteries, monastic institutions had a visible role in initiating and supporting projects with community impact. In contrast, in the Western area, the active involvement of NGOs, which have promoted innovative projects and helped to strengthen local social capital, is noted. In any case, we can say that LEADER funding in the non-agricultural field has significantly contributed to the development of sustainable partnerships and to stimulating collaboration between relevant actors, thus strengthening the cohesion of rural communities and their ability to generate long-term development.

e. Creating Long-Term Resilience

By integrating agricultural modernization, infrastructure, social services, and business diversification, Romania’s rural development strategy has strengthened community resilience. Grant-based funding has encouraged local actors to adopt strategic planning, improve financial discipline, and pursue long-term development visions.

The combined impact of these interventions can be synthesised into two major pillars through which LEADER shapes non-agricultural development:

1. **Funding Basic Services** — improving infrastructure, social services, and digital connectivity.
2. **Funding Sustainable Business** — enabling diversified, environmentally responsible enterprises.

Together, these pillars illustrate how LEADER has supported the emergence of resilient rural economies and communities.

3.2 LEADER funding of Basic Services

An essential component of the LEADER programme in Romania is its support for basic services in rural communities, which plays a crucial role in improving quality of life and social inclusion. Basic services refer to activities and infrastructure that meet the fundamental needs of rural populations, helping to reduce disparities between urban and rural areas.

LEADER funding targets a variety of basic service projects, including but not limited to:

- **Healthcare and Social Services:** Investments in local clinics, mobile health units, elderly care, and social support initiatives to improve access and quality of care.

In this area, we can see how the LEADER approach works from the point of view of community involvement. Unlike other basic services, interest in improving social services was also shown by NGOs. Thus, local public authorities accessed most of funding, while monastic associations, foundations and institutions accessed LEADER funding in lower proportion. The social services accessed are mostly day care centers for elderly or disadvantaged people and multidisciplinary centers for children, offering hot meals and afterschool support. An important aspect of LEADER funding is its ability to innovate social services.

- **Education and Childcare:** Support for schools, daycare centers, training programs, and youth engagement activities that enhance educational opportunities in rural areas.

The educational infrastructure projects also benefited from funding through NRDP 2014-2020, through sub-measure 7.2, and in order to respect the complementarity of LEADER funds granted to these measures did not reach a notable level. However, several problems continue to hamper the quality of education and equal access to education in rural areas, making it necessary to allocate additional funds in this area. Thus, through the current LEADER programme (DR36), each LAG can prioritise accessing non-reimbursable funds to improve the education infrastructure.

- **Public Infrastructure:** Development or renovation of community centers, libraries, meeting places, and other communal spaces that foster social cohesion.

Closely linked to health, although not naturally linked to the health system, is the impact of sports and leisure on the quality of life. Beyond their physical influence, sport contributes in particular to the mental health of citizens. From this point of view, we found that the LEADER programme financed of sports, leisure and cultural projects (Alexa M.M., 2025). As regards the investments made by local authorities for actions aimed at preserving cultural heritage, the share of projects is small, as noted in all measures that corresponded to the NRDP 2014-2020 (in this case sub-measure 7.6).

- **Transport and Accessibility:** Small-scale transport solutions improving mobility for vulnerable groups, including seniors and persons with disabilities.

Road infrastructure is a difficult area to finance by LEADER, mainly because of the costs involved and secondly because road infrastructure succeeds the sanitation infrastructure. As the Large Infrastructure Operational Programme funds water and sanitation systems including in the rural area, and sub-measure 7.2 also funds this type of projects, as a consequence of the principle of avoiding double financing, the financing of road infrastructure through LEADER was very low. This does not reflect the need or importance of road or health infrastructure on quality of life, but rather shows that the LEADER programme and the role of LAGs is to identify and respond to those needs for which other programmes fail to find solutions.

- Environmental Services: Waste management, water supply, and sanitation projects that ensure sustainable living conditions.

In this regard, analyzing the financed projects, an important share of projects related to the purchase of various equipment and equipment designed to improve the public services offered by local authorities was observed. These acquisitions serve to significantly reduce the time of emergency interventions, reduce the costs of renting machinery or contracting specialized services, create jobs, help maintain a clean and neat environment and improve local governance. All these aspects influence the quality of life of citizens.

Basic services funding complements other LEADER goals, such as economic diversification and environmental sustainability, by creating a supportive environment where rural businesses and residents can thrive. The synergy between infrastructure, social services, and entrepreneurship fosters holistic rural development.

3.3 LEADER funding of Sustainable Business

Sustainable business development is a priority under the LEADER programme in Romania, reflecting the EU's broader goals of environmental stewardship, economic resilience, and climate action. LEADER funding actively promotes rural enterprises that adopt sustainable practices, innovate responsibly, and contribute to long-term local prosperity.

Business financing in rural areas has gradually evolved, reflecting both the experience gained and the specific needs of communities. Thus, the initial support for rural tourism pensions was subsequently geared towards agrotourism, a more complex and integrated form of tourism, capable of generating more consistent economic and social benefits. This change was also driven by the need for long-term monitoring, as some previously funded hostels have turned into personal housing, reducing the economic impact of investments.

In the field of production, financing has evolved from the establishment of production units to their development and modernization, aiming to increase the competitiveness and sustainability of local businesses. However, certain sectors, such as trade, have never received direct financial support, and in areas such as construction, where the state has already intervened through tax measures, LEADER has avoided providing funds so as not to distort the market and maintain competitive balance.

This selective and sector-specific approach reflects the LEADER „bottom-up” principle, whereby funding focuses on the real needs of communities and territorial priorities. In this context, the evolution of financing not only supported economic development, but also helped to strengthen social cohesiveness, create jobs and stimulate sustainable entrepreneurial initiatives in rural areas, thus preparing communities for long-term sustainable development.

By funding sustainable businesses, LEADER contributes to economic diversification with a focus on environmentally responsible practices, job creation in green sectors, providing new opportunities for rural residents, climate change mitigation through reduced carbon footprints and resource conservation, enhanced competitiveness of rural enterprises in national and international markets.

Particularly interesting for this study is the analysis of performance indicators of SDLs. In this regard, we considered relevant the number of enterprises established or developed with the

support of LEADER funds. Taking into account the results of some studies (Opria A-M., 2022), it can be stated that, in the case of the number of enterprises, LEADER had a positive effect on the evolution of the economy of the beneficiary rural communities. However, the increases registered, although welcome, are not consistent enough so that the LEADER programme can be considered as an instrument with real impact in the evolution of the rural economy in the non-agricultural sector. This observation underlines that while LEADER has helped to stimulate local initiatives and strengthen the capacity of communities to manage projects, the direct effects on the significant dynamism of the non-agricultural sector remain limited.

In the SDL under which it operates, the LAG has provided performance indicators deriving from the implementation of the projects financed through M19 LEADER different indicators from the LAG to the LAG (Rusu, 2021). Depending on the structure and particularities of each LAG, there are evaluation and monitoring indicators such as: number of jobs created as a result of SDL implementation, number of agricultural holdings supported, number of non-agricultural businesses supported and others.

Although the number of jobs created by LEADER funds may seem modest in relation to the labour needs of rural areas, these investments have generated important multiplier effects. They not only boosted local economic activity, but also strengthened cooperation between local actors, encouraged community involvement and created a framework for long-term sustainable development. The resulting jobs are therefore more than just statistics: they are the pillars of economic and social resilience, preparing rural communities to respond more effectively to future economic, demographic and social challenges. (Staic Luxita Georgiana, Marius Vladu, 2021).

The challenge remains: ensuring that funds translate into impact, and that new programming (2023-2027) strengthens quality, not just quantity.

4. Conclusions

Over the past three programming periods, Romania’s rural development funding has shifted from basic infrastructure and agricultural modernization toward a more diversified, innovation-driven, and community-focused approach. The evolution of the LEADER programme exemplifies this trend: from a small pilot with limited reach in 2007–2013, to nationwide coverage supporting local entrepreneurship and social projects in 2014–2020, and now to a digitally managed, sustainability-oriented framework in 2023–2027. This progression reflects a broader strategy to not only strengthen agricultural competitiveness but also to foster resilient, economically diverse rural communities, creating opportunities beyond farming and enhancing quality of life across Romania’s countryside.

These figures underscore two key points: firstly, the non-agricultural business diversification component remains a small slice of the rural development funding mix; secondly, public infrastructure and services dominate many non-farm rural investments.

The “non-agricultural diversification” category is broad and may include diverse activities (services, tourism, craft enterprises, rural infrastructure) and not solely business diversification in the sense of SMEs.

However, investments in all categories of projects analyzed — including services, infrastructure, and non-agricultural activities — have had a positive impact on the flow of tourists. Significant increases have been noted particularly in localities where funding for non-agricultural projects exceeded the 40-euro-per-capita threshold, thus highlighting the importance of these investments for stimulating local tourism and the economic development of rural communities (Crunteanu et al., 2024).

For the current programming period, delivering a stronger impact from non-agricultural funding (business diversification, tourism, services) remains a key challenge, especially given absorption issues and the need for local capacity building.

The available documents often present planned allocations or targets rather than actual execution data or disaggregated spending for private non-farm enterprises. It is therefore important to emphasize that these allocations are indicative; actual absorption, implementation speed, and project completion will ultimately determine the real impact.

Based on the findings of this paper, Romania's rural landscape has undergone a remarkable transformation over the past 15 years, shaped by EU funding, national policies, and the active involvement of local communities. From modernizing farms and rural infrastructure to fostering entrepreneurship and sustainable local development, each programming period has built on the lessons of the previous one. Understanding this evolution reveals how funding mechanisms such as LEADER have become central to creating more resilient, diversified, and vibrant rural communities across the country.

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