

**Krzysztof Parzych**

Pomeranian University in Słupsk

Department of Socio-Economic Geography and Tourism

krzysztof-parzych@wp.pl

## THE USE OF EUROPEAN FUNDS FOR TOURISM DEVELOPMENT IN COASTAL COMMUNES ON THE BALTIC COAST

**Abstract:** The article discusses the use of financial resources from European funds for tourism development in coastal communes on the Baltic Coast in Poland. A detailed analysis of the use of EU funds has been carried out, with particular emphasis on those priorities which are related to the improvement of the tourism attractiveness of coastal communes and to their tourism development. The analyses have been made on the basis of data from the Ministry of Regional Development concerning the allocation of European funds in 2007-13.

**Keywords:** tourism, coastal communes, European funds.

### 1. INTRODUCTION

The development of tourism in reception regions requires financial inputs related to providing tourists with suitable conditions in terms of their basic needs: accommodation, catering and other accompanying services. An important role of investment in tourism development in a region is to ensure the accessibility of the reception area through the development of road and railway networks as well as a transport infrastructure which will enable tourists to move from their normal residences to reception areas. In addition, there are services related to entertainment, recreation and information that are relevant to tourism. All these activities require the involvement of appropriate financial resources. Currently, investments in accommodation and catering facilities as well as accompanying services are carried out mostly by private investors or take the form of public-private partnerships (BUTOWSKI 2002). Investments in transport infrastructure are mostly implemented by local governments administering public funds.

For the development of tourism within the boundaries of their territorial units, local governments implement projects aimed at improving the attractiveness of tourism through the revitalization of former historical and urban areas, improving the tourist information system, facilitating access to points of interest for tourists through appropriate signs and information boards. Local governments also take up investments in the form of public-private partnerships, the aim of

which is to create new tourist attractions such as aquaparks, cycling paths, water skiing routes, bowling alleys, along with sport and recreation complexes. All investments, both private and in the form of public-private partnerships (as well as those of local governments themselves) involve large financial resources, often exceeding those of the communes and individual private investors. It is often necessary to seek other sources of financing for undertaking investments.

For many communes, especially those whose socio-economic development is closely linked to tourism, the implementation of such projects is often a necessity for attracting new visitors and competing with neighbouring communes.

With access to the structures of the European Union, Poland has been able to apply for grants from EU Structural Funds (i.e. ERDF and ESF) as well as the Cohesion Fund.

This paper deals with the use of financial resources from European funds to improve tourism attractiveness and the tourism development of coastal communes on the Baltic Coast. The analysis of the research issue is based on databases from the Ministry of Regional Development concerning with projects implemented with co-financing from the European funds included in both applications and formal agreements for 2007-13.

Coastal communes often lack other competitive development alternatives owing to their location, and

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their socio-economic development is very closely linked with tourism services (MEYER 2006, SZWICHTENBERG 2006, MIEDZIŃSKI 2011, PARZYCH 2012). At the same time, due to the fact that for many communes tourism revenues are the main component of their budgets, and as the tourist season on the Polish coast is relatively short, the incomes of numerous local governments are proportionally low. Many do not have the chance to undertake large infrastructure investments based solely on their own resources. Consequently, these communes are often forced to seek other additional financial resources.

European funds since the accession of Poland to the European Union have been the main source of infrastructure development support for many communes in Poland. In tourism, they are most often used for the protection and adaptation of both natural and human attractions for tourist purposes and the improvement of tourism attractiveness. They have supported the promotion of natural values, the protection of the natural environment, the preservation of cultural heritage and the revitalization of old historical and urban areas. Many of the resources from European funds have been invested in tourism development. This has been primarily connected with improving the accessibility of communication facilities and, to a lesser extent, the accommodation infrastructure and development of services accompanying tourism. The issue of the use of European funds for investment in the tourism development of regions and reception areas has become a subject of academic research in recent years, and has received a number of general discussions as well as detailed individual case studies (BUTOWSKI 2002, 2005, GWOSDZ, MURZYN & KUPISZ 2010, KOŁODZIEJCZYK 2009, PARZYCH 2012, ŻUBER 1999, STAWICKI 2009).

During the financing period 2007-13 more than EUR 8 billion was invested in projects related to tourism. The sum of the guaranteed resources reserved in Operational Programs for tourism sector activities was set at EUR 4 billion. The remaining EUR 4 billion was guaranteed under the Human Capital Operational Program and in the Rural Development Program. The main sources of financing investments related to tourism from European funds are the Integrated Regional Operational Program (Priority for Tourism and Culture Development), EWT IINTERREGIVC and Regional Operational Programs.

## 2. METHODOLOGY OF RESEARCH

An analysis was made regarding the use of European funding for tourism investments in all coastal communes of Zachodniopomorski and Pomorski

voivodships, with particular emphasis on co-financing for projects related to the improvement of tourism attractiveness and the development of communes. This article uses data from the Ministry of Regional Development concerning allocation of European funds and is available on the Ministry's website ([www.mrr.gov.pl](http://www.mrr.gov.pl)).

Tourism attractiveness is understood as the property of an area or place resulting from a combination of natural or non-natural features that raise interest and attract tourists (KUREK 2007).

Tourism development is understood as a set of tourist facilities, suitable for a given area, and aimed at meeting the needs of tourists (KOWALCZYK 2000).

Out of a total of 86 priorities, five have been chosen which, according to the author, are the most relevant for the development of tourism. These priorities are: 55 – Promotion of natural values, 56 – Protection and valuing of natural heritage, 57 – Other support for tourism services, 58 – Protection and preservation of cultural heritage, 59 – Development of cultural infrastructure, 61 – Integrated programs for urban and rural revitalization.

To accomplish the research, the author conducted:

- a spatial analysis of the co-financing of research projects carried out in coastal communes with the participation of European funds,
- an assessment of the spatial share of financial resources used for tourism projects in the total value of projects co-financed from European funds,
- calculations of the average amount of co-financing from European funds per capita in coastal communes on the Baltic Coast,
- calculations of the average amount of co-financing of projects related to the improvement of tourism attractiveness and development per tourist in coastal communes,
- an assessment of the impact of the population of the commune, and the number of tourists, in particular communities on the total amount of co-financing of projects related to the improvement of tourism attractiveness and development of communes.

## 3. FINDINGS

The Polish coast extends for 528 km from Świnoujście in the west, to Krynica Morska in the east. In administrative terms, this area is subdivided into 32 communes. Apart from large urban communes such as the Gdańsk-Gdynia conurbation, Kołobrzeg and Swinoujście, there are also small ones whose population does not exceed 5,000 such as Rewal, Dziwnów and Postomino. In the case of most of coastal

communes (excluding the largest) income from the organization and operation of tourism forms a very large, and in some cases even dominant, share in their total income (SZWICHTENBERG 2006, MEYER 2006). In addition, revenues from organizing and operating tourism are the main source of income for many of their citizens. It depends on the intensity of tourism and the scale of tourism development.

Analysis of the financing of projects carried out in coastal communes indicates its strong differentiation. In total, 32 communes were covered with co-financing to a sum of PLN 15 590 883 993. Of this, the largest subsidy was granted to the City of Gdańsk where projects had a total value of PLN 5,747,343,727 constituting 36.8% of the total for all coastal communes (Fig. 1). Among the remaining, the largest was granted to the communes of Świnoujście (PLN 3,901,707,056 - 24.3%), Gdynia - PLN 1,883,011,446 (12.0%) and Sopot - PLN 1,171,264,969 (7.5%). The smallest were granted to the communes of Smoldzino - PLN 6,398,414, Choczewo - PLN 9,292,964, Sztutowo - PLN 11,022,645 and Stegna PLN 32,004,411.

Similarly, the largest financing from European funds was granted to the communes of Gdańsk - PLN 30,079,934,615 (46.6%), Gdynia PLN 1,026,748,545

(15.6%), Swinoujście - 646,857,265 (about 10%) and Sopot - PLN 522,663,727 (almost 8%, Fig. 1).

An important determinant of the socio-economic development of the area is demographic potential and among coastal communes there are those which are strongly diversified. Apart from large ones such as Gdańsk, Gdynia, Sopot, Świnoujście, Kołobrzeg, there are also those with a much lower population such as Rewal, Postomino and Dziwnów. Larger communes receive much higher co-financing sums. This is confirmed by a high Pearson's correlation coefficient (0.84) for funds granted to particular communes in relation to their population. An analysis of average co-financing per capita indicates that the greatest was in Darłowo (urban commune) - PLN 24,430 per capita, Krynica - PLN 18,475, Hel - PLN 17,736, Świnoujście - PLN 15,580, Sopot - PLN 13,546, Rewal - PLN 13,261 and Kosakowo - PLN 10,216 (Fig. 2). The lowest were in the communes of Choczewo - PLN 823, Darłowo (urban commune) - PLN 1,084, Będzino - PLN 1,120 and Smoldzino - PLN 1,360. Out of a total of PLN 15,590,883,993 granted, about 8.4% were financial resources related to priorities 55, 57, 58, 59 and 61. In this study, these priorities have been identified as those that are related to improving tourism attractiveness and tourism development.



Fig. 1. The value of European funding for tourism projects in the coastal communes of the Baltic Coast  
Source Fig. 1-6: author, based on data from the Ministry of Regional Development ([www.mrr.gov.pl](http://www.mrr.gov.pl))

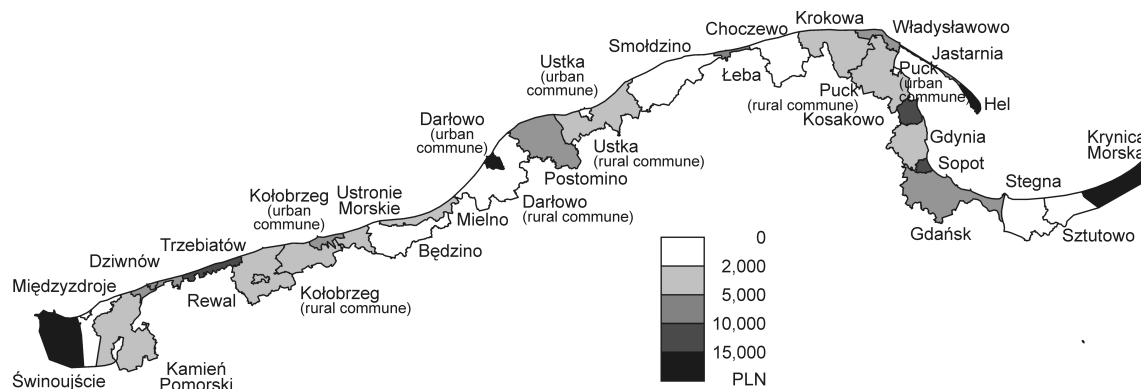


Fig. 2. Average co-financing of projects implemented from European funds per capita in the coastal communes of the Baltic Coast

The highest amount of co-financing from the priorities that were related to the improvement of tourism attractiveness and tourism development were granted to the communes of Gdańsk – PLN 616,538 593 (47.2%), Gdynia – PLN 72,129, 633 (5.5%), Rewal – PLN 57,161,116 (4.3%), and Kołobrzeg – 44 PLN 242,243 (3.3%) along with Jastarnia, Świnoujście and Międzyzdroje (Fig. 3). In six coastal communes, there were no resources for financing these priorities: Ustronie Morskie, Będzino, Darłowo, Postomino, Smołdzino and Hel. In addition, grants to Stegna, Władysławowo, Choczewo and the rural commune of Ustka were very low. The highest were obtained by Gdańsk – PLN 299,629,999 (49.4%) and Sopot – PLN 107,633,909 (7%). A high level of European co-financing for the tourism priorities has been to Gdynia, Kołobrzeg, Jastarnia, Rewal, Świnoujście, Międzyzdroje and Darłowo.

In order to assess the real strength of EU funding, the percentage of tourism co-financing related to total co-financing was determined, and the average amount per tourist visiting the commune was calculated. The results indicate that the highest share was found in the communes of Międzyzdroje, Jastarnia and Darłowo

(Fig. 4). In these communes, the proportion of funding from tourism projects amounted to over 40.0%. High proportions were also found in Rewal (38.2%) and Puck – 35.3%. In the communes of Ustronie Morskie, Postomino, Choczewo, Smołdzino, Hel and Będzino, there was no co-financing from tourism-related projects. In addition, low levels were reported in Władysławowo, Ustka, Stegna, Kosakowo and Świnoujście.

The highest amount of co-financing of tourism projects per visitor to a commune was in the rural commune of Puck – PLN 2687 per visitor, Sztutowo – PLN 1845, Sopot – about PLN 1699, Puck (urban commune) – PLN 1,550, as well as the communes of Kamień Pomorski, Gdańsk, Krokowa and Kosakowo (Fig. 5). There was no co-financing in the communes of Ustronie Morskie, Będzino, Darłowo (rural commune), Postomino, Smołdzino, Hel and Choczewo. Low funding was given to the communes of: Władysławowo, Ustka – both urban and rural communes, Krynica Morska and Stegna. It is worth noting at the same time that the level of co-financing was strongly correlated with the intensity of tourism in the communes with a Pearson correlation coefficient of 0.82. Higher co-

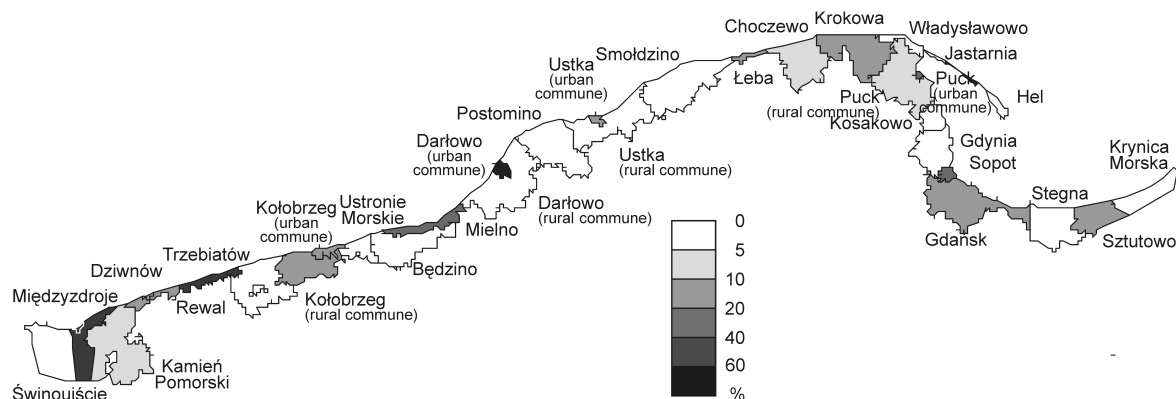


Fig. 3. The value of financial resources from European funds used in the implementation of projects related to the improvement of tourism attractiveness and development in coastal communes

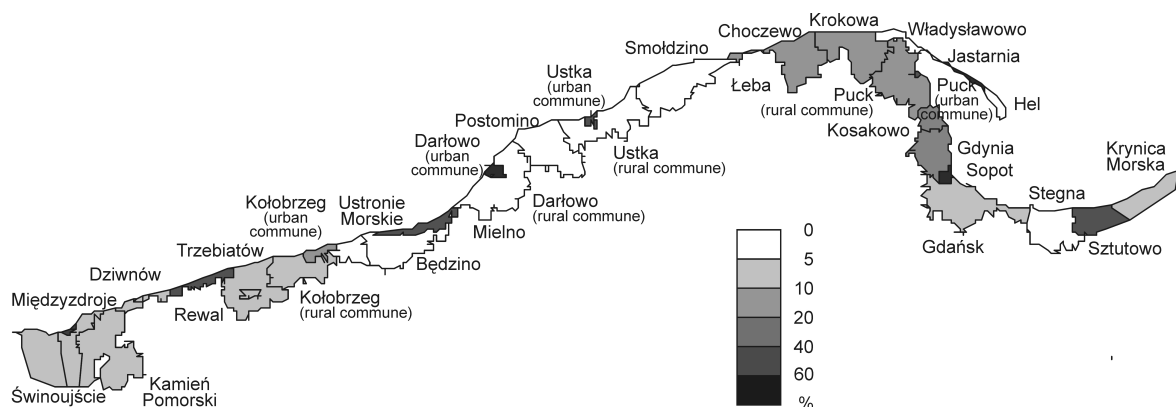


Fig. 4. Percentage share of tourism projects in the total co-financing of projects implemented in communes of the Baltic coast

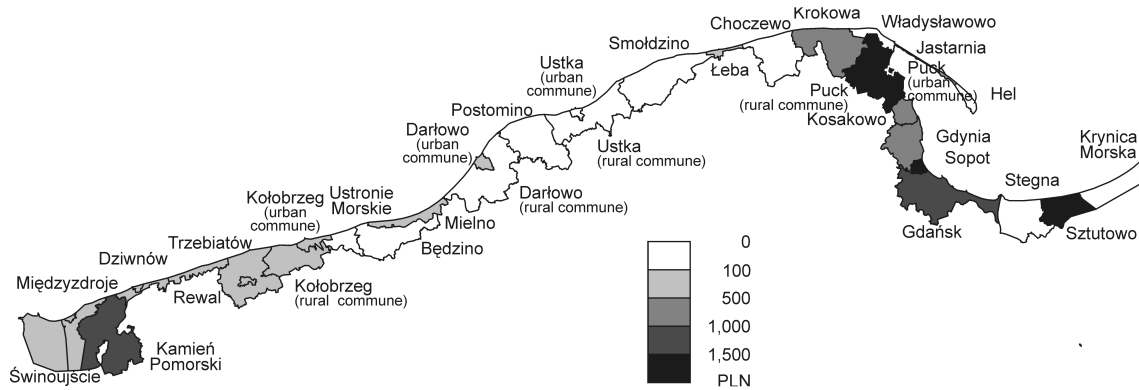


Fig. 5. The average amount of co-financing for tourism related projects in coastal communes of the Baltic coast per tourist visiting those communes

financing rates were for communes with higher visitor turnovers. This demonstrates the high level of activity of local governments in their efforts to further develop tourism and improve attractiveness and infrastructure. Co-financing of projects related to the enhancement of tourism attractiveness and development was covered by priority 56 – Protection and valuing of natural heritage, 57 – Other support for the enhancement of tourist services, 58 – Protection and preservation of cultural heritage, 59 – Development of cultural infrastructure, and 61 – Integrated urban and rural revitalization.

An analysis of the co-financing of projects related to the improvement of tourism attractiveness and development indicates that the greatest share in tourism-related co-financing were the priorities of Integrated urban and rural revitalization (41% of total co-financing) and Cultural heritage protection as well as Development of cultural infrastructure (Fig. 6). Many fewer projects and lower funds were connected with Protection of natural heritage and Other support for strengthening tourism services.

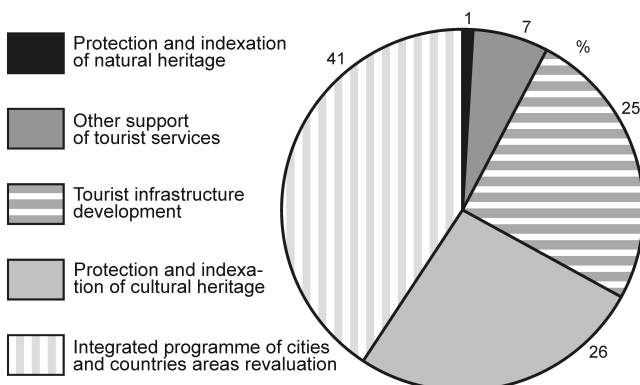


Fig. 6. Finances from European funds according to the priorities associated with tourism in the coastal communes of the Baltic coast

With regard to the low funding of coastal communes from the priority Protection of natural heritage, this may be due to the dominance in the coastal area of ‘typical’ holiday tourism while sightseeing and nature tourism are relatively less significant. The low contribution from the priority of Other support for strengthening tourism services may be due to the fact that the majority of investments in the coastal tourism sector are private investments undertaken without use of European funds.

#### 4. CONCLUSIONS

The analysis of the use of co-financing from European funds in coastal communes of the Baltic Coast leads to the following conclusions:

1. The level of European funds is clearly related to the size of the settlement. Coastal communes with greater numbers of inhabitants, such as Gdańsk, Gdynia, Kołobrzeg and Świnoujście, have much higher amounts including funds allocated for projects related to the improvement of tourism attractiveness and development.

2. An important role among communes covered, apart from larger settlements, is played by communes located in the proximity of the Szczecin conurbation (Rewal, Międzyzdroje) and those near Trójmiasto (Jastarnia). Those closer to large conurbations have significantly higher levels of tourism and development, which determines further investments and resources related to the improvement of attractiveness and development. The other communes, located on the peripheries of both coastal conurbations, were significantly less subsidized.

3. A high general correlation between the use of resources from European funds and the intensity of tourism can be found. Communes with a high tourist

turnover are characterized by high rates of financial resources from European funds. This indicates that the local governments of communes with a greater reception of tourists are clearly interested in further investments aimed at improving the attractiveness and the development of tourism infrastructure in their area.

It seems, however, that this situation may, in the longer term, lead to an increase in disparities in the overall attractiveness and tourism development between particular coastal communes.

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