WAYS OF OBTAINING FINANCING 
BY TOUR OPERATORS 

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Abstract
Any field requires investment for development or implementation of new projects. One of these areas is the tourism domain. Romania is a country with highly touristic potential that is not exploited to maximum. In order to reach a high quality level of tourism permanent development and modernization are needed and also the establishment of new businesses that conducts other activities other than those which takes place in our country.

Ways of getting funds are multiple, depending on individual needs. To develop tourism activities it is necessary to require some funding that can come from various sources: auto-financing, loans from various banks or from third parties and grants offered by the European Union. There are many programs designed to support the development of tourism, such as ROP that allows people to access grants in order to implement projects for the establishment and the development of the activity in the touristic field. The purpose of this article is to highlight funding opportunities for the tourism operators and to assist them in choosing the appropriate form of financing of the current activity or the activity they want to implement in the future and description of how to obtain the necessary funds from various sources.

Keywords: investment, tourism, development, financing, potential, modernization

1. Introduction
Tourism potential in Romania is a key component of tourism diversity its elements. In our country, tourism focuses on natural landscapes and its rich history. Tourism is a dynamic sector of activity, a main source of national economic recovery and an important source of jobs. The strengths of the Romanian tourism is in the natural touristic potential given the by the Carpathians Mountains, the Danube Delta, the Danube and the Black Sea. These offer a variety of forms of tourism that can be practiced such as: coast tourism, mountain tourism, recreational tourism, health tourism, cultural tourism, sports tourism, agro-tourism, religious tourism. Beside these positive aspects, Romanian tourism faces certain problems such as the infrastructure is a major drawback because tourists avoid visiting places or running an activity because the access to them is difficult on the existing roads, prices too high in relation to services. Many tourists, including Romanian tourists choose other countries such as Bulgaria or Greece, which offers services similar to those in Romania, with similar prices, but the services they provide are of a better quality than that provided by Romanian tourism operators, staff salaries are low, which leads to hiring people poorly trained and the service quality provided is generally according to their training.

Generally, tourism is an extremely important sector in any economy, especially in terms of contribution to GDP, economic development and creating jobs. This aspect is supported by specialists’ statements and statistics. Thus in an article published by Capital.ro, President WTTC (World Travel & Tourism Council) David Scowesill said at the opening of the annual congress that "by the end of 2015, the tourism sector will contribute with 7,800 billion, 10% of World GDP and it will be responsible for 284 million jobs meaning 9.5% of the total ". In this context, ensuring the necessary capital for the development and for the modernization of the tourism sector is an extremely important issue.

According to the National Statistics Institute in November 2015 both the arrivals and overnight stays in tourist accommodation registered increases of 18.5% and 17.9% compared to the corresponding month of the previous year.

Arrivals and overnight stays in tourist accommodation with accommodation during the period 01.01.-30.11.2015.

1. Arrivals:
- Between 01.01-30.11.2014 were registered a total of 7895600 tourists, of which 6094100 romanian tourists and 1801500 foreign tourists;
- Between 01.01-30.11.2015 were registered a total of 9242800 tourists, of which 7136600 romanian tourists and 2106200 foreign tourists.

2. For overnight stays:
and 354,300 foreign tourists.

- Between 01.01-30.11.2014 were registered 190,841,00, of which 155,411,00 tourists from the Romanian tourists and 354,300 foreign tourists.

- Between 01.01-30.11.2015 were registered 221,122,00 tourists, which of 179,16,800 romanian tourists and 419,540 foreign tourists.

Mentioned situation is evidenced in the graph (Figure 1).

![Figure 1 The evolution of the arrivals and overnight stays in the 2014 compared to 2015](image)

Funding is the process of providing the financial resources necessary for the establishment and the development of a business of an enterprise, and can be achieved both from own sources and from sources outside the enterprise. Currently, in Romania, among the most profitable forms of financing are: grants offered by the European Union. Regional Operational Program 2007-2013 was an important tool for implementing the National Strategy for Regional Development, its objective being to support economic and social development, sustainable and territorially balanced, according to specific needs and resources. Priority 5 of this program is the "development and promotion of tourism". Implementing this priority led to the improvement of tourist areas infrastructure and accommodation and leisure. For example the Regional Operational Program 2007-2013 included the repair, the rehabilitation and the modernization of the heritage objective Art Museum "Ion Irimescu" of the city of Falticeni. The amount granted to this project is 3,730,185.01 lei (98% of the eligible value of the project).

The direct beneficiaries of the target group of this project are: Art Museum "Ion Irimescu" Falticeni, 5 new employees, tourists who loves art and culture and persons with disabilities due to the easy access. The indirect beneficiaries are the tourism facilities of the municipality, tourism operators and the local community.

Another example of a beneficiary of the funds provided by this project is SC.AUTO-GAS.SRL, which obtained an amount of 8,412,540.36 lei (this amount representing 60% of the eligible project). The project aims the expanding of the building for accommodation units and parking on private property. Specific objectives of the financed project (now completed) were: expansion and modernization of the accommodation units connected in order to improve and diversify the types of tourism services provided by Hotel Concordia Iasi and the improvement of the facilities and the equipment specific to the accommodation units from the hotel. The direct beneficiaries of this project are: SC.AUTO-GAS.SRL, groups of tourists, families with social life. Besides the direct beneficiaries, are also indirect beneficiaries, namely: tourists, businesses and local community.

2. Sources of financing in the tourism operators

Funding possibilities for tourism operators are:

A. Own financing sources are self-financing increasing the nominal value of existing shares or issue new shares. Self-financing is a financing method that assumes reinvestment of a portion of net profit. Using self-financing offers many advantages such as:

- Rapid financing without shareholders involvement, various banks or third parties;
- Maintaining financial independence;
- The company keeps its ability to contract a bank loan;
- Does not create additional obligations such as interest.
The increase of capital by cash contribution of the shareholders is achieved by increasing the nominal value of existing shares.

B. External sources of finance are loans from third parties, loans from banking institutions and grants.

Lending conditions for SMEs:
- To work for at least one year;
- To be registered financial statements to tax authorities for a period of minimum one year (since the banks that the assessment of risk of default is more difficult);

In some cases the loans banks do not require collateral, this practice is valid only on short-term loans. The amount that can be borrowed in this case is limited and for larger amounts firms must provide guarantees.

Acceptable collateral banks can be mortgage for real estate (houses, apartments, shops, land), pledge on movable property (equipment, machinery, automobile) or counter-guarantees from other banks.

Companies that have outstanding debts to other banks, tax authorities, social security or others are not agreed upon by banks. As a company working more than a certain bank, the more it can receive better funding terms, of course, provided that it does not have outstanding debts in the past.

SMEs can obtain financial guarantees. They shall be issued at the request of the approved lending institutions for loans. National credit guarantee fund an analysis showing that the beneficiary the opportunity to pay their payment obligations.

Steps taken to obtain the guarantee:
- Submission of documentation for loan to the bank and ask for the additional guarantees with those of their own national credit guarantee fund;
- Bank makes its own analysis, and if it finds after analizei that the guarantee is not enough make a request to risk sharing fund by issuing financial guarantees;
- National credit guarantee fund bank send the decision on granting guarantees required within seven days;
- When the bank receives the required guarantee, it signed the loan agreement with the company that requested it.

In order to obtain financial guarantees, companies must meet the following conditions:
- To fall into the category of small and medium enterprises;
- To have a total annual salary of less than two hundred and fifty;
- To have a turnover of up to 50 million annually or hold assets not exceeding 43 million according to the latest financial statements made;
- Have majority private capital;
- To have the ability to repay the liabilities assumed, as evidenced by the financing bank analysis;
- The Fund signed a promissory note in white "sum" and "maturity", without protest, credited directors / partners / shareholders resident / registered office in Romania.

The cost of financial guarantees is 1.5% / year in the annual balance of collateral for loans long term and short term loans (up to 12 months) is 2% / year in volume and is charged fully guarantee granted when granted. National credit guarantee fund takes the risk of bank loans to SMEs, guaranteeing up to 80% of overall credit.

Banks offer loans to small and medium enterprises (SMEs) in order to support their work. Among the banks that provide loans to SMEs include:
- Bancpost. This offer amounts up to 250,000 euros and the loan period being practically "unlimited" loan line is renewed yearly and monthly only the interest and loan capital might be paid or used depending on the choices made;
- BRD. This is an offer of investment loans for financing up to 75% of the project with a grace period related to the implementation period and the amortization is regularly adjusted to the company's cash flow;
- Banca Transilvania offers medium and long-term loans of three categories:
  1. quick unsecured loan. The value of this credit is up to 100,000 lei and granting period is 60 months;
  2. quick partially guaranteed loan. The loan amount is up to 200,000 lei, for a period of 84 months. This credit provides resources to the activity for which you need only material guarantees of 50% of the funding;
  3. full guaranteed rapid credit is up to 300,000 lei, for a period of 120 months, which can be accessed both in lei and euro.

Loan offers provided by banking institutions differs from bank to bank from the needs of each client.

C. The grant provided by the European Union is to run activities and investment subsidies through financial intermediaries. These grants are given only for projects in progress and not for the ones already completed.

The purpose of these grants is to achieve economic and social policy objectives of the European Union, namely:
- "Strengthening research, technological development and innovation;"
- Improving access to information and communication technologies, and improving their use and quality;
- Increasing the competitiveness of small and medium enterprises;
- Increasing the transition to a low carbon emission economy;
Promoting climate change adaptation and risk prevention and management;
- Preserving and protecting the environment and promoting resource efficiency;
- Promotion of sustainable transport and improving infrastructure networks;
- Promoting sustainability and quality of jobs and supporting labor mobility;
- Promoting social inclusion and combating poverty with no discrimination;
- Investing in education, training and learning throughout life;
- Improving the efficiency of public administration. 

Among the potential beneficiaries who may apply for funding are enterprises. The principle of allocation of grants is to partially reimburse investment, requiring a contribution from the beneficiary.

Regional Operational Program 2014-2020 continues to fund the investment in the Regional Operational Program 2007-2013. According to Regional Operational Program 2014-2020 the overall funding is 8.25 billion euros of which 877.11 million euros for financing SMEs (including in tourism), funds that can be used to construction / modernization and expansion of production space / related services, creation / modernization / expansion accelerator business, including equipment and related services.

Conditions for a project to be eligible for European funding are:
- The project to be developed and implemented in Romania;
- to be found to the list of eligible operations presented in implementing the Framework Programme;
- Addresses an eligible areas;
- the length and the requested contribution limits are in demand for projects;
- policies respect and community and national rules concerning state aid, public procurement, equal opportunities and more growth sustainable;

Preparing a project involves preparing and completing the following applications and forms:
- Financial and economic analysis;
- Risk Analysis;
- Feasibility study;
- The technical project (where applicable);
- Building Permit;
- The environment;
- Strategic Environmental Assessment;
- Documents confirming the co-financing;
- Details of the contribution in kind;
- Title of ownership (or concession);
- Accounting documents of the company;
- The fiscal record of the person authorized to submit the application and the person responsible for the project;
- Proof that the applicant has no debts to the state (the IRS).

Eligible beneficiaries complete the application form and annexes requested by the Managing Authority and the application for funding is submitted Intermediate Body or Managing Authority. Check administrative compliance of the application form after that check project eligibility and then performs technical evaluation and financial project. After the project is selected according to criteria approved by the Monitoring Committee will approve the project and will sign the financing contract.

3. Conclusions

The financing modalities are multiple and vary, depending on individual needs. Funds currently are easily accessed by SMEs who did not have outstanding debts to the state budget, banks, or various creditors. These companies are supported by both the banking institutions in Romania that offers various facilities, but also through financing provided by the European Union. conditions that a company must meet are:
- Does not have outstanding debts;
- To carry out an eligible project which wants to implement;
- Meet institutional wishing to access the funds;
- To have the capacity for repayment of loans obtained or to demonstrate the ability to finance part of the project where non-reimbursable funds.

Support small and medium comes National Credit Guarantee Fund for SMEs that provide financial guarantees so where now opt for a bank loan, and in some cases in which SMEs access EU funds.

Both persons who wants to run touristic businesses and enterprises have access to various forms of financing to help them establish and / or to develop an existing business. Each can choose the form of appropriate funding for the work they perform. Companies that do not have sufficient profit for the project to be implemented may apply to other forms of financing.
Because tourism is a dynamic sector of activity and it is an important source of national economy, creation and development of activities in this area gives many advantages to beneficiaries of projects, namely:

- improving access to technology;
- fighting poverty;
- adapting to change;
- prevention and management of the risk;
- improving service quality;
- improving infrastructure, facilitating access for tourists to more touristic attractions;
- net profit increase;
- GDP growth;
- attract tourists;
- diversification of tourism activities;
- increasing competition;
- creating of new jobs.

Beneficiaries of the projects of establishment and development of tourist activities are: individuals (by creating new jobs), trading companies, tourists, local communities, businesses, people with disabilities (facilitating access in units offering tourist services).

The overall conclusion that emerges from the research is that the funding of the tourism operators is extremely important, but this sector is conditioned by the involvement of the authorities in the development of the infrastructure in order to support SMEs and to provide fiscal or financial facilities.

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