



Original Contribution

STATISTICAL ANALYSIS OF THE FEASIBILITY OF ALTERNATIVE FINANCING OF RURAL TOURISM

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SUMMARY

This study aims at determining the level of development of rural tourism in certain regions, by surveying some stakeholders in the field. An analysis of their views is subsequently used in fashioning out alternative financing methods. The data obtained are analysed statistically to help establish the existence of any essential differences between views expressed by the subjects of the study, that is, the enterprises and institutional organisations. In addition, this analysis would help in establishing whether the nature of rural tourism and its region of operation influenced the subjects' opinion on financing.

Key words: Rural tourism, financing of the rural enterprises, investment schemes.

INTRODUCTION

It is incumbent on every government to insure that its assistance for investment purposes is used judiciously Pursuant to this a policy of remitting the required funds, on completion of the investment process by the beneficiary, is regarded as safe measure. This scheme arguably builds in the needed transparency in the entire process. Viewed from the other side, it could be argued that some measure of rigidity would rear its head, thus constituting some barrier on the way of many planned investments in accession states. For example, part of the subsidy has to be paid to banks in order to ensure cash flow during the investment process. Therefore only wealthy entrepreneurs could, in this circumstance, benefit from investment assistance programmes like the Special Accession Programme for Agriculture and Rural Development (SAPARD) (1).

This situation thus calls for the institution of less rigid investment assistance schemes that satisfy the requirement of government (in ensuring transparency) and the needs of investors (unhindered access to funds).

In this article some examples are given

on how these aims can be achieved in order to start a discussion about improving investment assistance programs in accession states. It is shown that schemes might be possible where both the entrepreneurs and the banks will take profit.

MATERIAL AND METHODS

The data have been taken from two studies containing different questions with regard to alternatives for financing rural tourism. One of them involved 118 representatives of private companies (enterprises), while the other involved 100 respondents, with 49 of them belonging to the private business and further 51 representatives of organisations in the same field. The respondents have been divided into 5 groups depending on the region where they operate – lowland near (Dobrudja), upland near (Rodopa mountain), lowland remote (Strandja), upland remote (Fore Balkan). The first two regions are characterised by a well-developed tourist infrastructure, while the infrastructure of the third and the fourth regions is not fully developed. The fifth group - “others” relates only to organisations and comprises organisations at the level of ministries, departments, etc., which are not located in the above regions.

The distribution of the respondents from the first study according to their location and to the type of business is given in the Table 1. The distribution of the respondents from

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private companies and organisations from the second study according to their regions and

type of business is detailed on Table 2 and Table 3.

Table 1. Distribution of the respondents from the first study according to their regions and type of business

	<i>Accommodation</i>	<i>Gastronomy</i>	<i>Leisure activities (attractions)</i>	<i>pluractive enterprises</i>	<i>Row totals</i>
Lowland near	12	4	6	3	25
Lowland remote	13	4	6	3	26
Upland near	20	8	6	3	37
Upland remote	11	7	9	3	30
All groups	56	23	27	12	118

Table 2. Distribution of the respondents from the two main groups of respondents according to their regions

<i>Group</i>	<i>Enterprise</i>	<i>Organisation</i>
<i>Location</i>		
Lowland near	13	11
Lowland far	13	9
Upland near	11	11
Upland far	12	11
Other	0	9
Total	49	51

Table 3. Distribution of the respondents from the two main groups of respondents according to their businesses

<i>Enterprises</i>	
Accommodation	20
Gastronomic	16
Leisure activities	7
Pluractive	6
Total	49

<i>Organisations</i>	
General level	13
Education level	7
Promotion level	14
Planning and control	4
Physical development	6
Infrastructure level	7
Total	51

The statistical package STATISTICA StatSoft (2) was used for the statistical analysis of the studies as well as in the procedures for analysis of contingency tables. The following criteria were used: Chi-square to determine relatedness between two dichotomous variables; Chi-square to check the difference between expected and observed frequencies; Chi-square to analyse two-way contingency tables and establish a link between categorical variables and more than two categories.

RESULTS AND DISCUSSION

Consultation, financing, investment schemes – interactions of SME's and organisations

The main goals of entrepreneurs and organisations in their future business in rural tourism with regard to financial planning are: “determining the sources and possibilities of financing” and “conformity between goals and financial capacity”. There is no essential difference between the two main groups in terms of their choice of the most important goal of financial planning in their future

business ($\chi^2 = 4.93$; $p = 0.17$). “Determining the source and possibilities of financing” is the most preferred choice among the listed goals regardless of the region of operation and the type of business activity of entrepreneurs and organisations ($\chi^2=32.34$; $p=0.2$) (Table 4).

As a whole it can be said that the percentage of entrepreneurs who have sought advice from a consultant for investment in the last five years is comparatively low - 38 of 80 (32.2%). Those who belong to the “lowland near” region differ from this trend with 13 of 25 (52%) having sought advice from a consultant ($\chi^2=11.43$; $p=0.008$). On the other hand, with regard to types of business activities, a comparatively high percentage (44,6%, i.e. 25 of 31) of accommodation enterprises have sought advice from a consultant ($\chi^2=9.07$; $p=0.03$) (Table 5).

A considerable part of the respondents expressed satisfaction with the quality of the advice from a consultant – 69,4% ($\chi^2=17.11$; $p<0.001$). This satisfaction with the quality of the advice received is particularly pronounced in respondents from the “near

upland” region - (90.9%) and those involved in the accommodation business (62.5%).

Nearly 80% of the interviewed entrepreneurs have not had any problems obtaining financial aid under establishment schemes. In the case of seeking advice from a consultant for establishment schemes, a little over half of the respondents 34 (55.7%) have resorted to such services. The percentage of

those who have sought advice from a consultant is considerably higher with entrepreneurs whose business is accommodation 23 of 33 (70%) ($\chi^2=6.06$; $p<0.01$). Most respondents are satisfied with the quality of the advice from a consultant– 18 of 32 (56.3%) ($\chi^2=6.83$; $p<0.05$).

Table 4: Contingency table, summarising the views of the respondents from the two main groups with regard to the main goals of financial planning

Goals	Enterprises		Organisations		Total	
	f	%	f	%	f	%
Conformity between the goals and its financial capacity	16	34.8	11	22.4	27	28.5
Determining the sources and possibility of financing	20	43.5	32	65.3	52	54.7
Optimisation of the financial flows of the enterprise	8	17.4	4	8.2	12	12.6
Maintaining an optimum dynamic liquidity or solvency	2	4.3	2	4.1	4	4.2
Total	46	100.0	13	100.0	95	100

Table 5: Advice from a consultant sought by entrepreneurs in the last 5 years

	near, upland		remote, upland		near, lowland		remote, lowland		Accommodation		gastronomy		leisure activities/attractions		pluractive enterprises			
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%		
Yes	38	32.2	12	32.4	3	10.0	13	52.0	10	38.5	25	44.6	3	13.0	6	22.2	4	33.3
No	80	67.8	25	67.6	27	90.0	12	48.0	16	61.5	31	55.4	20	87.0	21	77.8	8	66.7
Total	118	100,0	37	100,0	30	100,0	26	100,0	25	100,0	56	100,0	23	100,0	27	100,0	12	100,0

Table 6 Distribution of the respondents from the two main groups with regard to their preferences to the type of consultancies– regional and national

	Enterprises		Organisations		Total	
	f	%	f	%	f	%
Regional	9	18.4	15	30.6	24	24.5
National	40	81.6	34	69.4	74	75.5
Total	49	100.0	49	100.0	98	100.0

When resorting to consultant assistance in the preparation of documents for obtaining government loans, national agencies and consultancies are much preferred to their regional counterparts ($\chi^2=10.8$; $p<0.001$). National offices are preferred by 74 (75.5%) of the respondents (Table 6). There is no significant difference between the opinions of the two main groups – entrepreneurs and organisations ($\chi^2=1.98$; $p=0.16$). The region and type of business activity do not have a significant impact on preferences regarding this matter.

Suggestions with respect to the preparation of the necessary documentation for obtaining loans are mainly directed to “simplification of the required

documentation” - 25 (34.2%), “less bureaucracy at submitting the documentation” – 18 (24.6%) and “more information and assistance from credit institutions” - 15 (20.5%) (Table 7). There does not seem to be any significant difference between the opinions of the two main groups – Enterprises and Organisations ($\chi^2=4.77$; $p=0.31$).

With regard to the proposals determining the amount of the loan entrepreneurs most often require to have more preliminary information – (10 of 32 (31.2%)) and suggest less bureaucracy – 8 (25.0%) and positive attitude – 5 (15.6%). Unfortunately, more than 50% of the organisations have not put forth any suggestions with regard to this matter. Those of them who have made

suggestions do not express an opinion that differs much from that of entrepreneurs ($\chi^2=4.3$; $p<0.36$) (Table 8).

In the case of guaranteeing the loan by means of immovable property /mortgage/, the preferences of entrepreneurs and organisations in general are mainly directed towards

facilitation of the procedure 32 (35.9%) ($\chi^2=21.6$; $p<0.001$). There is no significant difference between the opinions of the two main groups on this matter ($\chi^2=7.46$; $p=0.11$), (Table 9).

Table 7. Suggestion concerning simplification of the required documentation

<i>Suggestions</i>	<i>Enterprises</i>		<i>Organisations</i>		<i>Total</i>	
	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>
Simplification of the required documentation/facilitated	13	38.2	12	30.8	25	34.2
Less bureaucracy at submitting the documentation	9	26.5	9	23.1	18	24.6
More information and assistance by the credit institution	4	11.8	11	28.2	15	20.5
Consultations firms which helps	5	14.7	2	5.1	7	9.5
Additional instructions by the credit institutions	3	8.8	5	12.8	8	10.9
Total	34	100.0	39	100.0	73	100.0

Table 8: Suggestion concerning determining the amount of the loan

<i>Suggestions</i>	<i>Enterprises</i>		<i>Organisations</i>		<i>Total</i>	
	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>
More information	10	31.2	9	37.5	19	33.9
Less bureaucracy	8	25.0	3	12.5	11	19.6
Helpfulness and support	6	18.8	7	29.2	13	23.2
Positive attitude	5	15.6	5	20.8	10	17.8
Consultancy agencies for helping	3	9.4	0	0	3	5.3
Total	32	100.0	24	100.0	56	100.0

Table 9: Suggestion for the facilitation of the procedure

<i>Suggestions</i>	<i>Enterprises</i>		<i>Organisations</i>		<i>Total</i>	
	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>
Facilitated procedure	16	36.4	17	42.5	32	35.9
Personable mortgage requirements	3	6.1	8	20.0	11	12.3
Volume of credit to correspond to the mortgage	7	14.3	8	20.0	15	16.8
Include full spectres of mortgages in securing the loan	5	10.2	3	7.5	8	8.9
Decreasing volumes of mortgages for the loan	13	26.5	4	10.0	17	19.1
Total	44	100.0	40	100.0	89	100.0

Financing the establishment of the enterprise

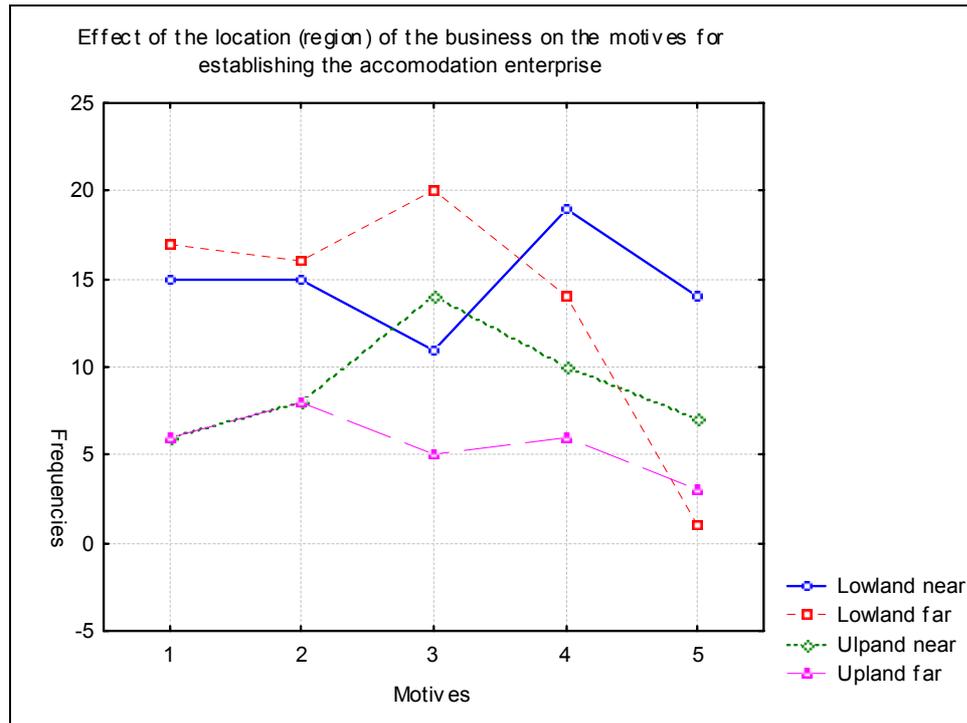
Table 10 has resulted from an analysis of multiple response dichotomy factors. The two most frequently pointed motives for establishing business are – “use of own available buildings” – 50 (53.8%) and “improving the own standard of living” – 49 (52.7%). Among the preferred motives there is a slight difference from the general trend in

the individual regions. This can be seen in Figure 1 below. For instance, respondents from the flat country areas have listed the “possibility for a good financial return” as second in importance.

Most respondents have used their own capital 88 (88.9%) and loans from relatives or friends 29 (29.3%), and only 8 (8.1%), mainly from the near mountain and plain regions, have used government schemes (Table 11).

Table 10. Contingency table, summarising the opinion of the interviewed entrepreneurs with regard to motives for establishing business in the different regions

Motives	Near lowland		Remote lowland		Near upland		Remote upland		Row totals	
	f	*%	f	*%	f	*%	f	*%	f	*%
1. Possibility for a good financial return	15	62.5	17	65.4	6	23.1	6	35.3	44	47.3
2. Improving cost-effectiveness and the standard of living	15	62.5	16	61.5	8	30.8	8	47.1	47	50.5
3. Use of own available buildings	11	45.8	20	76.9	14	53.9	5	29.4	50	53.8
4. Improving the own standard of living	19	79.2	14	53.8	10	38.5	6	35.3	49	52.7
5. Urge for life in this field	14	58.3	1	3.58	7	26.9	3	17.7	25	26.9
All Groups	24	25.8	26	27.9	26	27.9	17	18.3	93	100

**Figure 1:** Effect of the location (region) of the business on the motives for establishing the accommodation enterprise**Table 11.** Distribution of the questioned entrepreneurs from the different regions with regard to the source of capital they have used to set up in business

	Near lowland		Remote lowland		Near upland		Remote upland		Row totals	
	F	*%	F	*%	F	*%	F	*%	F	*%
1. Own money	21	84.9	22	84.6	27	93.1	18	94.7	88	88.9
2. Loan from relatives / friends	13	52.0	8	30.8	1	3.45	7	36.8	29	29.3
3. Bank loan	12	48.0	4	15.4	2	6.9	0	0.0	18	18.2
4. Government scheme/ EU funds	6	24.0	0	0.0	2	6.9	0	0.0	8	8.1
Total	25		26		29		17	18.3	99	100

42 of 50 respondents (84%), i.e. considerably more than half of them, were not demanded any information by the bank before they were granted a loan. A considerably big part of the respondents have had problems obtaining the capital (72%) ($\chi^2=12$; $p<0.001$). No significant difference between the opinions of the respondents from the “lowland near” and “remote lowland” regions has been

established ($\chi^2=0.4$; $p=0.5$). There are no respondents from the other two regions. It is worth noting that 100% of entrepreneurs in the accommodation business have had problems obtaining the capital.

With regard to other sources of capital, 24 (37.5%) of the respondents said they did not need any, whereas 12 (18.75%) relied on sponsors.

Only 14 of 53 (26.42%) entrepreneurs have made some investigation before they use information on credit institutions to establish their business.

Most respondents provided securities for foundation as financial assets and used building society saving agreements (21.15%).

The respondents have had the following problems in the negotiations for obtaining a loan: “problems of general nature” - 17(34%), “lack of security” - 14(28%), “delay of payment” - 14(28%). They have overcome these problems in the following ways – using the government scheme for investment - 12 (34.3%), obtaining loans from private companies – 8 (22.86%), using other sources of financing - 5(14.29%).

In fact 72% of entrepreneurs had security problems. 100% of the respondents running accommodation enterprises have security problems.

What caused these problems were most often unacceptable credit conditions (17.86%), insufficient information about financing and schemes (16.07%) and failure to receive the desired credit (12.5%).

To solve these problems respondents most often borrowed money from private supporters (22.22%) or made investment in small steps (18.52%).

In order to obtain advice from a consultant at the time of establishing the business 11(32.35%) respondents asked the help of a legal adviser – and also a tax consultant – 8 (23.53%) of 34.

In most cases entrepreneurs needed financial advice - 11(33.33%), as well as legal advice – 6 (18.18%). “High rates of consultancy services” has been put forth as the reason for not seeking the help of consultants by 10 (40%) respondents, or that it is not necessary – 8 (32%) of 25 respondents.

The respondents have listed the reasons not to make investment in the last years as follows:

- They do not need investment (43.48%);
- They have recently made some investment (28.26%);
- Lack of money for investment (19.57%).

As a whole the majority of respondents - 52 of 117 (72%) intended to make and have made investments in the last 5 years ($\chi^2=7.5$; $p<0.02$). There is an essential link between the region and the intention for making investment ($\chi^2=51.3$; $p<0.001$). In the case of entrepreneurs from the “upland near” and “upland remote” regions, 24 (64,8%) and 20

(66,7%) respondents respectively have made investments, while in the “lowland near” and “lowland remote” regions only 7 (28%) and 1 (4%) respondents respectively have made investments. Again the type of business activity should be taken into consideration since 29 (52,7%) of the respondents involved in the accommodation business have made investments in the last 5 years. Investment in other types of business activities is not significant (under 50%).

More than 40% of the entrepreneurs have made investments in the last year, but nearly 32% have not made any plans to invest in the last year, especially those in the “remote lowland” region.

Nearly 90% of the respondents have said that their bank had required further information regardless of their region and type of business activity.

Most investments in the last year have been made for renovation and modernisation (30.26% of the respondents) and developing the business (13.16%). The main reason for making investment is claimed to be improvement of quality and modernisation (31,6% - 26 of 79).

When obtaining the loan a big part of the entrepreneurs have had problems guaranteeing the loan ($\chi^2=9.68$; $p<0.001$). All entrepreneurs from this study have had problems obtaining the capital.

As for investment in the past years respondents referred to renovation (30.26%) and enlargement (13.16%) / Reasons for investment are updating / modernisation (13.92%). Only 28% of the respondents have not had problems supplying the required securities.

When making investments in the last years the majority – 90 (58.44%) of entrepreneurs have used their own capital. Another source of capital for investment is loans from the family or friends – 25 (16.23%) respondents; comparatively few have resorted to bank loans or investment schemes –21 (13.64%) and 9 (5.84%) respectively.

Similarly, more than 37% of the respondents think that capital is not necessary. In terms of information sources respondents referred to inquiry (26.42%) and 15.09% have no information source. In most cases financial assets are the most common types of securities provided (42.31%).

34% of the respondents pointed out that in general it was difficult to get a loan. Investment schemes (34.29%) and funds from private supporters (22.86%) are possible

solutions to problems with securities.

Unacceptable credit conditions (17.86%) and insufficient information about financing and schemes (16.07%) were the most common problems with respect to obtaining capital. As a solution to problems regarding obtaining capital respondents most often referred to communication (22.22%) and investment in small steps (18.52%).

Access to bank credits is one of the main preconditions for the growth of small and medium private hotelkeepers in rural tourism. In order to analyse the attitude of entrepreneurs towards crediting at this stage, the Institute for Economic Policy carried out an empirical research among the members of the Union of Private Hotelkeepers and Restaurant Owners in Bulgaria (UHROB). The research was carried out with the assistance of UHROB. The questionnaire included 27 questions focused on bank conditions, which allowed or not allowed private hotelkeepers to be granted credit. There were some questions regarding the possible investment of the capital from a possible credit and what they expect from the government.

The National Statistical Institute held such inquiries in 1997. At that time the questionnaires were answered by over 1/3 (376) of the companies practising this business. It has been ascertained that up to 1/3 of small and medium-size hotels use or have used credit.

In August the Institute for Economic Policy sent questionnaires with the aforementioned sets of questions to 50 members of UHROB. Only 20% of the respondents have answered that they use bank credits, which means that the share of people using or having used credit has not increased. On the other hand, because of restrictions on the banking sector for the last 2 years and the reluctance of bankers to take a risk, small and medium hotelkeepers have less access to credit than they used to have before. This phenomenon is quite noticeable despite the comparatively good conjuncture in this branch (3),(4). In the same time 37% of the Respondents State that they achieve good economic results, while 20% keep their good results from before. Therefore, 57% of the private hotelkeepers have improved their financial-economic results (5), and only 1/3 from them has access to credit. Interest rates of 15-18% are not lucrative.

Use of investment schemes

More than 92% (75 of 81) of the

entrepreneurs participating in this study have not been aware of the investment schemes in the last year regardless of their region and type of business activity.

112 (94.9%) of the respondents have not applied for an investment scheme to establish their business regardless of their region and type of business activity.

112 - 94.9% of the respondents did not apply for an investment incentive scheme to establish their business.

Only 5 entrepreneurs (from the "near lowland" region) of 113 have applied for "an investment incentive scheme" in the last 5 years.

The incentive schemes that the respondents have applied for in the last 5 years are mainly agricultural schemes- 5 and tourist schemes - 1. The establishment schemes are the same – agricultural 9 (81.82%) and tourist 2 (18.18%).

The respondents have not had any problems obtaining the money from the scheme to establish their business – 35 (77.8%). Most entrepreneurs from the remote lowland area have not had any problems receiving the money (94.7%). As reasons for applying, and not applying, for establishment schemes respondents pointed out that there was no scheme (25.49%) and that equity capital was insufficient (15.69%).

As problems in obtaining the funds from a scheme the respondents pointed out "keeping the limited time frame" – 17.7%, "the continuous period of processing the information" (21.6%), "huge bureaucracy" – 19.6% and "delay of payment" - 10%.

Some 62% (73 of 118) of the respondent intention to make investment in the years to come. Only 8 of 26 entrepreneurs from the remote lowland area intend to make investments in the future years. Regarding the type of business activity most entrepreneurs engaged in the accommodation business intend to make investments (Table 12).

The entrepreneurs who intend to make investment have pointed out renovation as the object of their investment – 22 (28.95%) as well as enlargement of the present offer 21 (27.36%). The desire for investment has been caused mainly by the requirements on the part of the clients with regard to the quality of the services and the competition (6).

A typical example of a working effective programme for financing rural tourism in Bulgaria and Rumania is SAPARD (7). 43 (87.8%) respondents of the interviewed entrepreneurs consider that the SAPARD programme could provide an

alternative investment for their business. 46 (92%) of the interviewed organizations share the same opinion (Table 13).

There is little difference in the

opinions of the two main groups of respondents – ($\chi^2=4.37$; $p<0.5$).

Table 12. Intention for investment of entrepreneurs, distributed by regions and type of business activity

			<i>near, upland</i>		<i>remote, upland</i>		<i>near, lowland</i>		<i>remote, lowland</i>		<i>accommodation</i>		<i>gastronomy</i>		<i>leisure activities/attractions</i>		<i>pluractive enterprises</i>	
	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>
Yes	73	61.9	25	67.6	19	63.3	21	84.0	8	30.8	38	67.9	11	47.8	15	55.6	9	75.0
No	45	38.1	12	32.4	11	36.7	4	16.0	18	69.2	18	32.1	12	52.2	12	44.4	3	25.0
Total	118	100.0	37	100.0	30	100.0	25	100.0	26	100.0	56	100.0	23	100.0	27	100.0	12	100.0

Table 13. Distribution of the respondents from the two main groups regarding their opinion on the issue whether the SAPARD programme could provide an alternative investment for their business

	<i>Enterprises</i>		<i>Organisations</i>		<i>Total</i>	
	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>
Yes	43	87.8	46	92.0	89	89.8
No	6	12.2	4	8.0	10	10.2
Total	49	100.0	50	100.0	99	100.0

Table 14: In which particular direction

	<i>Enterprises</i>		<i>Near, lowland</i>		<i>Near, Upland</i>	
	<i>F</i>	<i>%</i>	<i>F</i>	<i>%</i>	<i>F</i>	<i>%</i>
Steady development	18	41.9	15	32.6	33	37.9
Alternative employment	5	11.6	6	13.0	11	12.6
Diversification of economic activity	11	25.6	8	17.4	19	21.8
Renovating rural infrastructure	1	2.3	1	2.2	2	2.3
Developing rural and ecological tourism	8	18.6	14	30.4	22	25.3
Total	43	100.0	44	100.0	87	100.0

Entrepreneurs and organisations consider that the investments from the SAPARD programme could effectively be directed to “stable development” (33 - 37.9%), “Development of rural and ecological tourism” (22 - 25.3%), “Diversifying economic activities” – (19 - 21,8%) (Table 14).

CONCLUSION

The analysis of the indices of the activity in the branch shows that at the current interest rate of 15-18% only credits for turnover capital are made available to entrepreneurs. Even the lucrative credits, recently granted by the Bulgarian-American Investment Fund, now cost too much. This is due to the big demand for credits for hotel business and tourist services and reluctance on the part of banks to credit small and medium entrepreneurs in rural tourism. Lately, Bulbank Ltd. has been offering conditions for

crediting at an interest rate of 12.5%, but mostly to big entrepreneurs. The term for payment of a 3-year and 6-year grace period with the entrepreneur having a 30% stake in the business, blocked in a bank account, implies that the risk is too high. At such conditions a credit could be invested in short-term repairs and renovation and be paid off immediately after that. This scheme is successful mainly for modernizing hotels in rural tourism, where seasonal tourism is predominant. However, should even one of the three seasons turn out to be unsuccessful, the problems with paying off credits are triggered.

The short-term payment period is somewhat a trap for both the credit-holder and the creditor. Only 1/3 of the people using credit are pleased with the provided terms. Most probably those are hotelkeepers that use the credit as current assets. This is a small possibility, if the entrepreneur makes a profit and invests it in expanding the compound and

range of services. According to experts in the field, credits for expanding and modernizing tourist facilities and infrastructure in the country now should be offered at an interest rate of 8-10% with a 10-year payment period and a 2-year grace period. It is known that for the time being there are no commercial banks to grant credit under such conditions

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