



TOWARDS INVESTMENT AND FINANCING FOR SUSTAINABLE TOURISM

OECD Tourism Trends and Policies
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Transition to sustainable and inclusive tourism

Tourism can play an important role in driving the transition to a green economy, and contributing to more sustainable and inclusive growth.

Investment and financing is an essential part of this, to support the transition to **low carbon, resource efficient** and **socially inclusive** tourism development.

The possibilities include public and private investment in:



LOW CO₂
TRANSPORT
OPTIONS



ENERGY
EFFICIENT
INFRASTRUCTURE



INNOVATION



SUSTAINABLE
SUPPLY
CHAINS



Investment opportunities to support green innovation in tourism

ENERGY-EFFICIENT TRANSITION

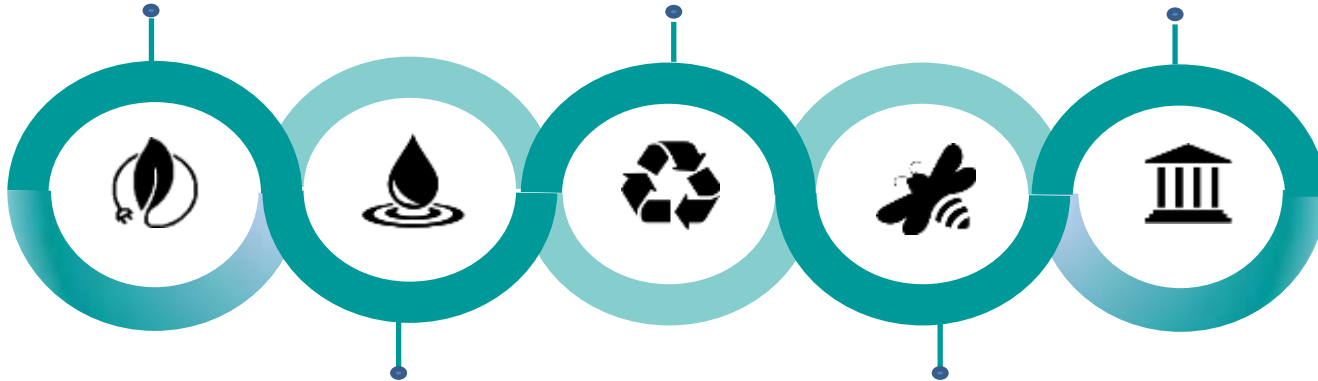
improving the
accommodation sector

WASTE MANAGEMENT

increasing resource
efficiency.

CULTURAL HERITAGE

offering opportunities for
continuation of traditions



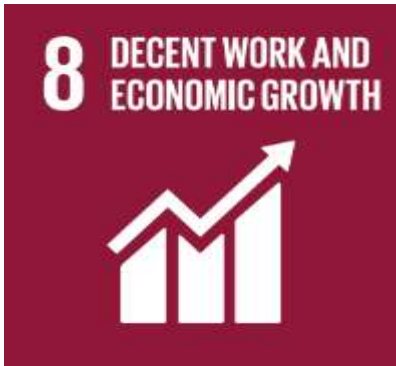
**WATER
MANAGEMENT**
improving water efficiency
per guest

BIODIVERSITY
maintaining ecosystems



Investing in tourism to deliver on SDGs

Tourism has the **potential** to contribute to all of the **sustainable development goals (SDGs)**, but has been particularly included as targets in goals 8, 12, and 14.





Financing options and sources for sustainable tourism development

PUBLIC INSTRUMENTS



Direct: create or invest in companies that bring in processes or services that reduce negative environmental impacts while increasing productivity



Indirect: subsidised loans or grants, market-based loans, (partial) credit guarantees, insurance for green assets.

PRIVATE INSTRUMENTS



Market: debt finance, equity and hybrid instruments and fintech innovations that reduce transaction and borrowing costs.



Impact investment: blended finance, microfinance and crowdfunding.



Challenges to greater investment and financing for sustainable tourism

LACK OF SUITABLE FINANCE INSTRUMENTS



- ❖ Investment maturity mismatch, transaction costs, and lack of necessary collateral for financing small tourism projects.
- ❖ Financing institutions fail in the assessment of the environmental risk.

INSUFFICIENT DATA AND MEASUREMENT



- ❖ Lack of data on green investments. Frameworks could serve as a useful benchmark to measure sustainable consumption and production.
- ❖ No sectoral breakdown for tourism.

LIMITED INCENTIVES FOR SUSTAINABLE PRACTICES



- ❖ Firms fail to account for the impact of their actions on the environment.
- ❖ Policy should encourage and incentivise businesses to incorporate environmental and social impacts into their investment decisions.

INADEQUATE CO-ORDINATION ACROSS GOVERNMENT



- ❖ Negative externalities are not being adequately considered, with sometimes too much environmentally negative investment.
- ❖ Issues include : fragmented climate policies and presence of weak governance.



Mainstreaming investment and financing for sustainable tourism development



PROMOTING INVESTMENT
AND FINANCE FOR
SUSTAINABLE TOURISM
DEVELOPMENT



CREATING A COHERENT
AND SUSTAINABILITY
FRIENDLY INVESTMENT
ENVIRONMENT



ENCOURAGING
SUSTAINABLE AND
RESPONSIBLE BUSINESS
PRACTICES



Promoting investment and finance for sustainable tourism development

In Mexico, **long term loans and public guarantees** promote green (solar) energy investment in hotels, to reduce greenhouse gas emissions.

In Spain, an **eco-tax** of EUR 2 per night on overnight stays in the Balearic Islands was introduced to finance investments to maintain and improve the quality of tourism on the islands

In the United Kingdom **impact investing** has been used to transform a disused office building in London into an innovative green hotel, using pre-fabricated bedrooms made from recycled materials.

In Australia, the Clean Energy Finance Corporation's **Reef Fund Programme** for clean energy businesses and projects invests in low emission vehicles and resort and building upgrades, including in tourism.

New Zealand's **Tourism Infrastructure Fund** provides NZD 100 million in co-financing for the development of tourism-related infrastructure, to support local communities facing pressure from tourism growth.



Creating a coherent and sustainability-friendly tourism investment environment



The **Australian** Trade and Investment Commission (Austrade) offers advice and facilitation services to international and domestic tourism investors, including a streamlined regulatory process.



In **Chile**, the Foco Destino or ‘Target Destinations’ initiative intends to build capacity of local managers in order to boost selected tourism destinations and increase their competitiveness and sustainability.



In **Sweden**, an initiative by the Swedish Agency for Economic and Regional Growth boosts sustainable consumption and production with a co-ordinated approach driving actions tailored to the needs of participating destinations and regions.



Encouraging sustainable and responsible tourism business practices



In **France**, the Chamber of Commerce and Industry encourages members to adopt a more responsible approach to the environment, and has identified as challenges for sustainable tourism financing the high costs and low profitability associated with “going green”.



The **Icelandic** Centre for Corporate Social Responsibility and the Icelandic Tourism Cluster, support tourism SMEs to adopt more sustainable practices: demonstrating exemplary behaviour and respect for nature.



In **Germany**, the Hotel And Restaurant Association developed a campaign offer hotels the possibility to engage in systemic energy saving, thus reducing costs and the emission of harmful greenhouse gases.



Policies to address the sustainable tourism investment gap



GREEN FINANCE

Incorporate sustainability **criteria** into public financing and investment supports, and encourage uptake of green financing for tourism projects.



RESPONSIBLE BUSINESS PRACTICES

Incentivise private investment in resource efficient infrastructure, and encourage more responsible business practices.



CO-ORDINATION

Build **capacity** and better **co-ordinate** actions across different levels of government and policy areas.



DATA

Improve **data and analysis** on green finance and investment in sustainable tourism development.



OECD Tourism Trends and Policies 2018



OECD Tourism Trends and Policies 2018 focuses on key policy and governance reforms in tourism and provides a global perspective with the inclusion of 49 OECD and partner countries.

- This publication is undertaken in partnership with the European Commission
- Data available on *OECD.Stat*
- The 2018 publication is now available on the OECD *iLibrary*
- For more information:

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