



# REPORT DELIVERY 3

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G20 TOURISM WORKING GROUP

**PRESIDENCY REPORT - FUNDING LINES  
AND PRIORITY AREAS FOR INVESTMENT  
IN TOURISM**

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## SUMMARY

<b>EXECUTIVE SUMMARY</b>	<b>5</b>
<b>1. INTRODUCTION</b>	<b>8</b>
<b>2. OBJECTIVES</b>	<b>10</b>
2.1 MAIN OBJECTIVE	10
2.2 SPECIFIC OBJECTIVES	11
<b>3. METHODOLOGY</b>	<b>11</b>
<b>4. ECONOMIC SIGNIFICANCE AND RECOVERY OF TOURISM WORLDWIDE</b>	<b>12</b>
<b>5. TOURISM FINANCING BY INTERNATIONAL AND MULTILATERAL BANKS AND INSTITUTIONS</b>	<b>14</b>
5.1. CLIMATE RESILIENCE AND ENVIRONMENTAL RECOVERY	18
5.2. SOCIAL DEVELOPMENT	20
5.3. DEVELOPMENT OF NEW TOURISM PRODUCTS IN TRADITIONAL AND LOCAL COMMUNITIES	21
5.4. SHARED INFRASTRUCTURE AMONG MEMBERS	22
5.5. ANALYSIS OF THE TOTAL OFFICIAL SUPPORT FOR SUSTAINABLE DEVELOPMENT (TOSSD)	23
<b>6. PRIORITY COOPERATION ACTIONS AMONG MEMBERS TO MAXIMIZE THE INTERNAL AND EXTERNAL TOURISM MARKET</b>	<b>27</b>
6.1 FUNDING LINE RECOMMENDATIONS FOR THE G20 MEMBERS	31
<b>7. GENERAL RECOMMENDATIONS AND CONCLUSION</b>	<b>36</b>
<b>REFERENCES</b>	<b>38</b>

## LIST OF FIGURES AND TABLES

<b>Figure 1</b> - International and multilateral banks offering tourism financing	16
<b>Figure 2</b> - Data on resource allocation by Sustainable Development Goals (SDGs)	25
<b>Figure 3</b> - Total value of selected projects (TOSSD)	26
<b>Figure 4</b> - Members and main international markets 2008 - 2021.	28
<b>Figure 5</b> - Lines of Work and Partnership	29

## **EXECUTIVE SUMMARY**

Tourism, recognized as one of the fastest-growing economic sectors, accounts directly for US\$ 3.4 trillion (UN Tourism, 2024) and employs around 319 million people, contributing to one in four new jobs created worldwide by 2019. Investing in this sector generates significant economic and social impacts on the benefiting destinations. Tourism is furthermore a strategic sector to support Least Developed Countries (LDCs). Exports from international tourism amounted to US\$ 25 billion for LCDs in 2019, equivalent to 10% of total exports in LDCs, well above the world average of 7% (UN Tourism, 2024). This report highlights the importance of the recovery and strengthening of the tourism sector on a global scale. Through data and examples of successful financing initiatives, the report emphasizes the need for strategic investments to drive the socioeconomic development of the sector and make it an effective tool to reduce inequalities within and among countries.

This document provides a detailed analysis to offer understanding and voluntary recommendations to G20 members, guiding them in implementing policies and investments that promote resilience and socio-environmental sustainability in tourism. In addition to data, several recommendations for priority investment lines have been developed for future investments.

### **Voluntary Recommendations for Financing Lines**

#### **Climate Resilience and Nature Positive Tourism:**

- Supporting effective environmental management of tourism in protected areas, biological corridors, and ecosystems of high ecological value for destinations.
- Strategic investments in tourism projects promoting sustainability and resource efficiency.
- Affordable and accessible financing to support climate- and sustainability-related actions.
- Eco-friendly practices and clean low-emission technologies should be encouraged in the tourism sector to reduce GHG emissions, contribute to biodiversity and foster long-term sustainability.
- Development of environmental education, campaigns and other awareness programs and/or activities for tourists and local communities to preserve natural and cultural resources.

- Capacity development/building, particularly for developing countries, to support actions to achieve Sustainable Development Goals (SDGs) and climate targets.
- Supporting tourism businesses and destinations in adapting to climate change impacts, including risk management measures.

### **Social Development:**

- Professional training and qualification at all levels
- Implementation of initiatives for micro and small businesses in the tourism sector, including facilitated access to credit lines and business management training.
- Promotion of youth and female entrepreneurship in tourism through mentorship programs, networking opportunities, and financial incentives to enhance inclusion and diversity in the sector.
- Capacity building for local communities to actively participate in tourism development, ensuring equitable economic and social benefits for all involved.
- Investments targeting people in vulnerable situations to increase employment, income and social benefits through tourism.
- Promotion of capacity building and technical assistance strategies aimed at reducing gender pay and leadership gaps in the sector.

### **Development of New Tourism Products in Traditional and Local Communities:**

- Encouragement of innovative tourism products in traditional communities, highlighting local culture, and promoting sustainable tourism and rural development.
- Development of unique tourism itineraries and experiences that explore the cultural, historical, and natural richness of less-visited regions, contributing to the decentralization of tourism, territorial development and the promotion of rural areas.
- Promotion of public-private partnerships to develop tourism infrastructure in remote areas and ensure connectivity and safety in emerging tourist destinations.
- Encouragement and empowerment of local and traditional communities to engage in dialogue with the public and private sectors to ensure responsible and sustainable growth through tourism.

- Fostering the use of technology that facilitates knowledge and information transfer between tourism stakeholders.

**Shared Infrastructure Development:**

- Encouragement of international cooperation for the development of shared tourism infrastructure.
- Implement sustainable infrastructure projects, such as efficient transportation networks, clean energy, and waste management, to ensure the sector's environmental and economic sustainability.
- Establishment of bilateral and multilateral agreements to facilitate the exchange of best practices, technologies, and knowledge, strengthening cooperation and joint development.

These recommended financing lines aim to boost the tourism sector and promote sustainable development, social inclusion, and international cooperation, contributing to building a more resilient and sustainable future for global tourism.



## 1. INTRODUCTION

Tourism, recognized as one of the fastest-growing economic sectors, accounts directly for US\$ 3.4 trillion (UN Tourism, 2024) and employs around 319 million people, contributing to one in four new jobs created worldwide by 2019. Investing in this sector generates significant economic and social impacts on the benefiting destinations.

The tourism sector faces significant challenges. This report highlights tourism's importance as a driver of economic development, emphasizing the need for strategic investments to promote resilience and sustainability.

Despite the impact of challenges such as the recent COVID-19 pandemic tourism is a resilient sector that drives recovery ([2023](#)). Some regions of the world, such as the EU, have fully recovered and even exceed pre-pandemic levels. In 2023, international tourism recovered 88% of pre-pandemic levels, with 1.3 billion international tourist arrivals according to [The World Tourism Barometer](#) (UN Tourism, 2024) forecasts that the sector will fully recover these levels by 2024 and grow by 2% compared to 2019, driven by pent-up demand and the recovery of [Asian](#) markets. The May 2024 World Tourism Barometer confirms this trend, with a 20% increase in international arrivals in the first quarter, reaching 97% of pre-pandemic levels. These figures reflect a significant rebound after the challenges faced during the [global pandemic](#).

According to the Tourism Sector Framework (IDB, 2022), there is international evidence that cross-cutting programs have been effective in strengthening the tourism sector, focusing on increasing employment capacity, entrepreneurship, and supply. These programs included improvements in access to sector information and knowledge, access to capital and markets, reinforcement of property rights, business and labor formalization, and strengthening local links between companies, communities, and local governments. Many of these efforts aim to encourage the social responsibility actions of tourism companies, focusing on improving the quality of life for people in vulnerable situations.

In this context, data shows how investments in enhancing local heritage, infrastructure, connectivity services, and marketing can increase tourist flows to destinations, resulting in an economic boost for these regions. According to UN Tourism (2023), "tourism for development" is a tool to drive tourist destinations' economic, social, and environmental development, especially in less developed areas. Tourism for development involves promoting sustainable practices in the sector, generating local employment, strengthening tourism infrastructure, preserving culture and the environment, and promoting social inclusion.

Financing lines must address the links between tourism and local production chains, particularly for smaller and vulnerable producers. After all, supplying the tourism sector



represents a significant challenge for small producers with limited resources, who must produce large volumes, handle irregular orders, maintain high-quality standards, and make timely deliveries. [An assessment conducted in 2016 \(IFC\)](#) measured the economic impact of three hotel investments in the Maldives, Mali, and Ghana, finding economic benefits in all cases, as the design of the investments considered links with local production from the outset.

Tourism spans multiple sectors (transport, accommodation and food services, creative industries, sports activities etc.), and has far-reaching impacts beyond its directly related areas, making its financing a crucial consideration but also a challenge. In this context, international support, including through Banks (MDBs) stands out, as they benefit tourism projects through credit lines intended for other sectors, such as infrastructure, education, and environmental conservation.

Aligned with the [Sustainable Development Goals \(SDGs\)](#), tourism plays a crucial role in sustainable and inclusive development, which is essential for the global future. However, the heads of MDBs acknowledge that progress toward the SDGs has been slow in most developing countries ([IDB, 2024](#)). Aware of the urgency of ensuring a sustainable future, the MDBs are committed to acting in a coordinated manner to generate a more significant impact and scale.

Biodiversity plays a critical role in enabling tourism and recreation. People's appreciation of nature to spend their leisure time in, and the business opportunities it represents, has made the tourism and recreation sector actively initiate and/or support nature conservation action in many places. At the same time, tourism activities have hampered or reversed biodiversity conservation efforts, too. Striking the right balance between nature conservation, tourism and recreation is key to ensuring sustainability in the tourism sector.

The Global Biodiversity Framework (GBF) for 2030 set action targets to 'reverse biodiversity loss to put nature on a path to recovery for the benefit of people and planet', and before that, the EU Biodiversity Strategy (BDS) for 2030 did the same for the European Union.

In 2024, the MDBs prioritize ["improving our agility and efficiency as a system and delivering concrete results in five areas."](#) One of these is "Joint Action on Climate," which by 2022 committed \$61 billion in financing for low- and middle-income economies. In 2022, the Multilateral Development Banks (MDBs) collectively committed \$61 billion for low- and middle-income economies, a 20% increase over 2021. In low and middle-income countries, 37% of that amount was allocated to climate adaptation financing, and total climate co-financing reached \$46 billion. These data indicate that investing in climate adaptation for tourist destinations aligns with the priorities of MDBs. At the same time, according to Total

Official Support for Sustainable Development (TOSSD) data, tourism ranks second to last among the 12 areas mapped regarding resource allocation in G20 members.

Therefore, G20 members can play a crucial role in guiding the potential and positive impacts of tourism financing. This can be achieved through increased investment and the strengthening of multilateral institutions related to the sector. It is also necessary to expand and enhance the [financing of multilateral mechanisms](#) that positively impact the tourism sector. However, obtaining accurate information on the effective investments made by MDBs in the global tourism sector is challenging. Due to the need for more general data on tourism sector financing and its impacts, this product decided to highlight information on specific programs that demonstrate the benefits and advantages of investing in the sector.

Several multilateral institutions, such as the European Union, UN Tourism, the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the United Nations Conference on Trade and Development (UNCTAD), can support activities related to the sector's development from different perspectives, depending on their institutional objectives. Multilateral development banks can also play an important role in supporting the tourism sector, including by allocating financing for tourism projects and providing experts.

This document provides a basis for formulating effective financial policies that support sustainable tourism development aligned with global economic objectives. Understanding how resources are allocated and used allows policymakers to promote strategies that maximize tourism's positive impact on local and global economies.

This report is primarily focused on financing for sustainable development in the tourism sector, rather than on isolated investments. While investment is an important part of economic revitalization, it is essential that financial resources be strategically directed to promote long-term development, particularly in more vulnerable regions and communities. Thus, the report emphasizes that financing for development is the central pillar of the recommendations presented, ensuring that the proposed actions not only boost the sector's growth but also contribute to its resilience and alignment with global sustainable development goals.

## **2. OBJECTIVES**

### **2.1 MAIN OBJECTIVE**

The main objective of this report is to showcase the initiatives of international financial institutions and multilateral banks – such as the creation of financing instruments, credit lines, investment lines, technical assistance programmers, among others – to

strengthen tourism as an enhancer of socioeconomic development for a sustainable, resilient and equitable future in accordance with national circumstances, needs and priorities.

## **2.2 SPECIFIC OBJECTIVES**

- a) To identify international and multilateral banks that offer financing to tourism and ways to access these instruments.
- b) To analyze financing instruments and programs offered by institutions and multilateral banks designed to support the tourism sector.
- c) To evaluate G20 action indicators with the potential to improve the tourism market and economic conditions.
- d) To highlight potential cooperation actions among members to optimize the tourism market.
- e) To suggest priority financing lines for the resilience and sustainability of tourism.

## **3. METHODOLOGY**

The methodology adopted for this report combined qualitative and quantitative methods with the analysis of primary and secondary data, including a bibliographic and documentary review.

An analysis was conducted to provide an overview of financial support for tourism, including data from the Total Official Support for Sustainable Development (TOSSD) and information from ten banks, institutions, and funds that offer credit lines directly or indirectly to the sector. These credit lines can be accessed through specific programs or integrated into infrastructure, sustainability, and economic recovery post-COVID. The sample for this analysis was selected based on discussions held during the G20 meeting in Brasilia on May 2 and 3, as well as meetings with UN Tourism and the IDB.

The data collection included the following financial institutions with credit lines for tourism: [World Bank](#), [Inter-American Development Bank \(IDB\)](#), [Asian Development Bank \(ADB\)](#), [European Bank for Reconstruction and Development \(EBRD\)](#), [African Development Bank \(AfDB\)](#), [Development Bank of Latin America \(CAF\)](#), and the [Brazilian Development Bank \(BNDES\)](#). Of these ten organizations, seven provide direct financing for tourism. The other three address financing tourism through infrastructure, mobility, climate resilience, and environmental preservation, operating under a co-leadership system. The analysis focused on the following aspects: credit lines that include tourism, countries that are benefiting from these programs, criteria/requirements for accessing the credit lines, and notable examples within the programs. Few programs clearly state the requirements for accessing resources, which difficulties the analysis based on the institutions' websites and published reports. This analysis was complemented by a [questionnaire](#) sent to the banks and data provided by the IDB and UN Tourism.

Additionally, the research utilized findings from Delivery 2 - Qualification actions and technical training in tourism and Delivery 1A - Implemented actions by G20 members 2010-2023. The analysis also extended to the Total Official Support for Sustainable Development (TOSSD) Online platform (<https://tossd.online/app>), which provides detailed information on financing flows for sustainable development.

#### **4. ECONOMIC SIGNIFICANCE AND RECOVERY OF TOURISM WORLDWIDE**

Tourism is one of the fastest-growing economic sectors, [accounting for directly 3% of the global GDP in 2023 \(UN Tourism, 2024\) and providing 319 million jobs \(10% of total employment\)](#). The sector experienced continuous [growth since the economic crisis of 2009](#) and until the COVID-19 impact, outpacing the average global growth rate. During this period, tourism was responsible for creating one out of four new jobs. In the EU, in 2023 it was 3.5 million SMEs, 20.4 million jobs (10% of total employment), 7% of GVA.

In recent years, tourism has consolidated its position as a vital economic driver in many countries, strengthening trade balances, creating jobs, and promoting poverty reduction, [social inclusion](#), socioeconomic and territorial cohesion, and opportunities, particularly for women and youth, and people in vulnerable situations. Additionally, tourism contributes to a more favorable business environment and stimulates the private sector, expanding the tax base and increasing government revenues, which can directly benefit local communities.

In addition, tourism is widely recognized as a [powerful tool](#) for driving economic recovery. This recognition became evident during the COVID-19 pandemic when many



tourist destinations sought strategies to revitalize the sector and safely attract visitors while adapting to the new market realities imposed by the health challenges.

[The post-pandemic tourism recovery](#) is a challenge and an opportunity to rethink and strengthen the sector's sustainability and resilience. Increasing investment in tourism is crucial for building more resilient, inclusive, and sustainable destinations that benefit local communities, protect cultural and natural heritage, and promote overall well-being.

[This recovery is already reflected in sector indicators](#). International tourism revenues reached USD 1.5 trillion in 2023, almost recovering pre-pandemic levels (97%). The direct GDP from tourism also returned to pre-pandemic levels, reaching approximately USD 3.4 trillion, equivalent to 3% of global GDP. Despite current obstacles, the Confidence Index shows positive prospects from May to August 2024 (UN Tourism, 2024). Tourism's economic significance, rapid recovery capacity, and intersectional effects make it an essential medium- and long-term development tool.

According to the WEF [The Travel and Tourism Development Index \(TTDI\)](#), 2024, the TOP 5 leading tourism economies for enabling tourism and travel development are the United States, Spain, Japan, France, and Australia. Tourism recovery is particularly notable in the Middle East, which exceeded pre-pandemic levels by 20% in international tourist arrivals. Thanks to typical advantages ranging from favorable business environments and open travel policies to well-developed transport, tourism and ICT infrastructure and natural, cultural and non-leisure attractions. Europe, Africa, and the Americas also showed consistent recovery, reaching about 90% of 2019 levels in 2023 as per the UN Tourism World Tourism Barometer (UN Tourism, 2024).

[The Travel and Tourism Development Index \(TTDI\) 2024](#) examined the travel and tourism sectors of 119 countries, assessing a wide range of factors and policies demonstrated in five dimensions: enabling environment, policy and enabling policies, infrastructure and services, resources, and sustainability. These assessments showed that 2024 marks a significant turning point for the travel and tourism sector.

The TTDI highlighted that countries with high scores generally benefit from more favorable business environments, access to more dynamic, skilled, and resilient labor markets, openness, and readiness for implementing information and communication technologies. These countries also tend to have excellent infrastructure, transportation, tourism services, and a concentration of natural and cultural resources and attractions. As a result of these advantages, the TOP 30 TTDI scorers accounted for more than 75% of the tourism sector's GDP in 2022 and 70% of GDP growth between 2020 and 2022.

Tourism credit lines play a crucial role, helping businesses not only to survive the challenges' immediate impacts but also to prepare them for a more resilient and innovative future. By supporting adaptation, innovation, and sustainable development, these

international financing instruments contribute to economic revitalization and strengthening the global tourism sector.

## 5. TOURISM FINANCING BY INTERNATIONAL AND MULTILATERAL BANKS AND INSTITUTIONS

According to the OECD (2022), the underrepresentation of tourism in international development financing flows remains a critical barrier to unlocking its full potential. The sector needs to receive the necessary attention as an essential development tool. According to UN Tourism (2023), total Official Development Assistance (ODA) disbursements – including Other Official Flows – allocated to tourism by official donors remains below 0.25% of total ODA. Multilateral development finance from multilateral development banks, the UN Development System, and other multilateral development organizations that specifically target tourism increased from USD 614 million in 2021 to USD 647 million in 2022, representing 0.25% of total multilateral development finance. However, this does not include finance for programs and projects, such as infrastructure, which can have tourism-related objectives.

Additionally, the share of ODA for tourism decreased by 0.05% between 2018 and 2022, falling from 0.22% to 0.17%. However, it is essential to note that ODA allocations for tourism reported by Regional Development Banks increased from 0.07% in 2018 to 0.50% in 2022. This trend highlights a growing interest and better understanding of tourism's development potential by these entities (UN Tourism, 2024). At the same time it is important to highlight that the tourism sector can indirectly benefit from funding and programs that address other development needs, provided the sector is given appropriate consideration in national development strategies and the design of assistance instruments and initiatives (e.g. transport and other infrastructure development, security, health, urban recovery, education and professional training, etc.).

The relevance of investments in tourism is evident in the IDB study on [the impact of Tourism Policy on employment](#), using the province of Salta in Argentina as a case study. The research revealed that the Tourism Development Policy (PDT) implemented in the region increased employment in the sector by about 11% per year, leading to a total growth of 112% between 2003 and 2010.

Investments in local heritage valuation also show significant results. Interventions funded by Argentina's Tourism Sector Competitiveness Improvement Program, focusing on the tourism enhancement of two Jesuit Missions, generated an economic return of 29% due to increased tourism spending (IDB, 2012b). Additionally, the heritage recovery of the

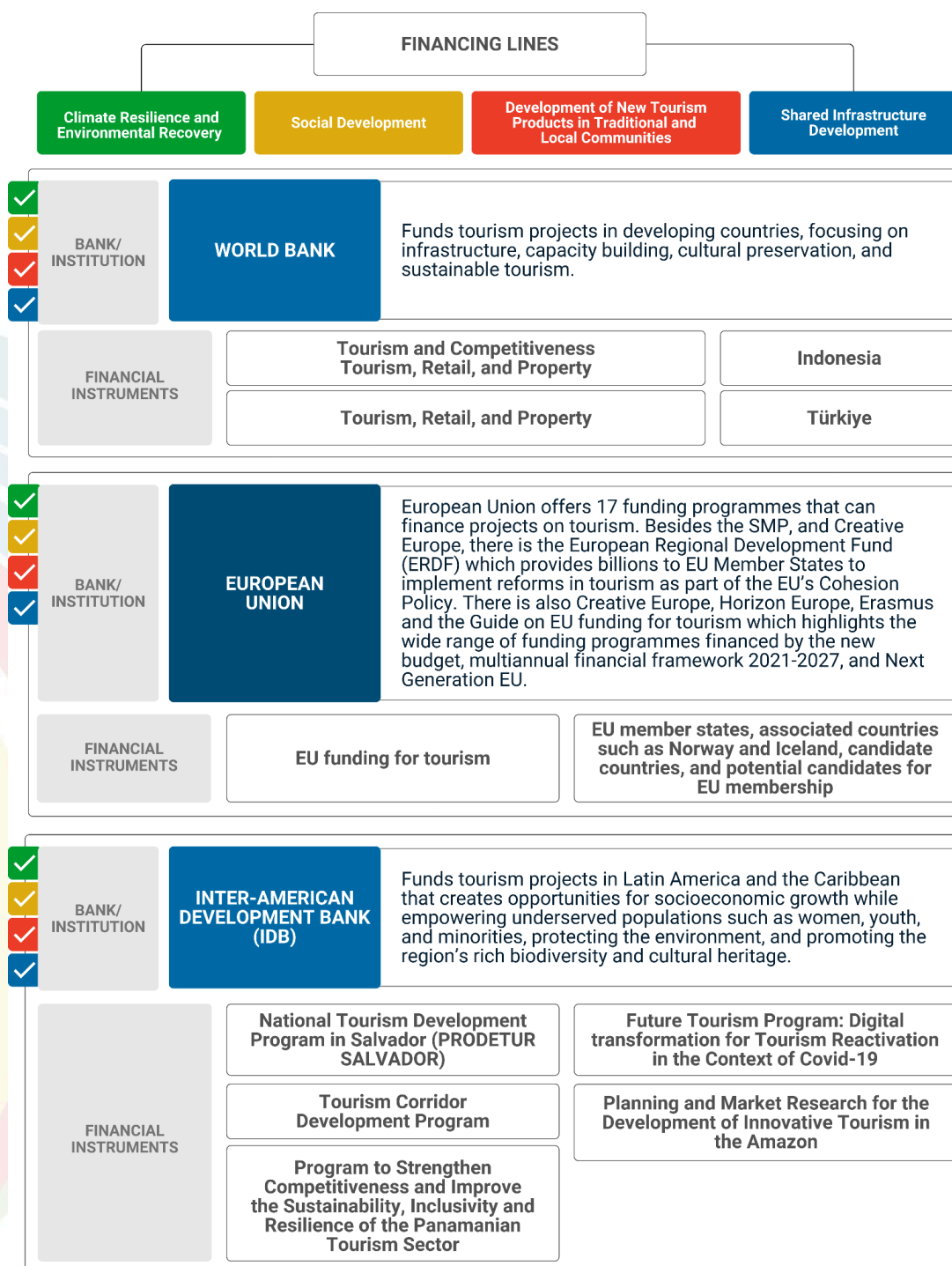






Colonial City of Santo Domingo demonstrated benefits exceeding \$25 million in tourism and creating over 400 new jobs (Banerjee et al., 2018).

These examples reinforce that investment in tourism yields a high economic return. The [Inter-American Development Bank's report \(2022\)](#) supports this by analyzing the impact of public investment in tourism in Latin America and the Caribbean between 2010 and 2019. The study involved 11 countries in the region and showed that a 100% increase in investment in tourism programs financed by the IDB raised sector revenues by 5.45%. Furthermore, each dollar invested in tourism within these programs generated \$7.93 in tourism revenues, while a dollar of general investment (outside of those specifically targeted programs) in the sector produced \$0.23. These results highlight the importance of targeted financing and comprehensive programs that address the challenges of the tourism sector.

Below, the banks and institutions that offer funding for tourism are highlighted, along with descriptions of their programs and some of the beneficiary members (Figure 1). For each organization, the specific funding lines included in the programs are indicated: climate resilience and environmental recovery; social development (micro and small businesses, women's empowerment, and traditional communities); development of new tourism products in traditional and local communities; and mutual infrastructure among G20 members.

Figure 1 - International and multilateral banks offering tourism financing



	BANK/ INSTITUTION	<b>DEVELOPMENT BANK OF LATIN AMERICA AND THE CARIBBEAN (CAF)</b>	Supports capacity building and strengthening of public policies, as well as providing advice and funding to its 24 member countries. In the tourism sector, the focus is on improving infrastructure, mobilizing financing, increasing connectivity, mitigating climate change, and contributing to the SDGs.			
				FINANCIAL INSTRUMENTS	Technical Cooperation Fund between countries and regions	Uruguay and Brazil
					Green Climate Fund	-
					Innovation in Green Projects	Brazil
					DIVERSICAF 5.0 for Ethnic-Racial Equity in Latin America	Brazil and Argentina
	BANK/ INSTITUTION	<b>EUROPEAN INVESTMENT BANK</b>	The European Investment Bank (EIB) does not have specific financing programs exclusively for tourism. However, the European Union (EU) provides several funding options for the tourism sector through various programs. A useful resource is the EU Tourism Financing Guide, which includes information on 17 tourism-related funding programs, with a particular focus on small and medium-sized enterprises in Europe.			
				FINANCIAL INSTRUMENTS	PNRR (National Recovery and Resilience Plan)	France, Italy and Portugal
	BANK/ INSTITUTION	<b>EBRD</b>	The European Bank for Reconstruction and Development (EBRD) has specific programs for tourism financing and also integrates tourism projects into broader infrastructure and sustainable development initiatives.			
				FINANCIAL INSTRUMENTS	Small Business Initiative	Eastern Europe, Central Asia, and North Africa
	BANK/ INSTITUTION	<b>BNDES</b>	The National Bank for Economic and Social Development (BNDES) offers various financing lines for the tourism sector in Brazil, including support for micro, small, and medium-sized enterprises, as well as large tourism ventures. The bank also supports tourism infrastructure, culture, and multisectoral projects, including sanitation, urban mobility, and the revitalization of degraded areas.			
				FINANCIAL INSTRUMENTS	BNDES Card, BNDES Small Business Credit, BNDES Automatic, and BNDES Finem.	Latin America and Africa

Source: Research data, 2024.

Although they do not have exclusive tourism financing programs, the Asian Development Bank (ADB), the African Development Bank (AfDB), and the Islamic

Development Bank (ISDB) finance tourism projects within their infrastructure and sustainable development programs. Below are details about the financing lines from the ten institutions.

### 5.1. CLIMATE RESILIENCE AND ENVIRONMENTAL RECOVERY

[Financing actions](#) aimed at climate resilience and environmental recovery are crucial to addressing the challenges of climate change in the tourism sector, especially considering current [environmental issues](#). These initiatives reduce negative impacts, such as coastal erosion and extreme weather events, while promoting sustainable tourism practices. Financial institutions like the World Bank and the Development Bank of Latin America (CAF) finance projects focused on preserving ecosystems and cultural heritage. Also, promote the use of low-emission technologies. By investing in eco-friendly tourism, these institutions help ensure that tourism remains a viable and environmentally respectful economic activity in the long term. Additionally, environmental awareness and education are part of these initiatives, promoting more responsible tourism for visitors and local communities.

One notable example within the World Bank is the ["Tourism and Competitiveness"](#) program, which finances Blue, Green, and Resilient Tourism economies and inclusive value chains, supporting small and medium enterprises, young women, and people in vulnerable situations. Similarly, the Inter-American Development Bank (IDB) includes environmental and climate management as one of its priority areas, promoting socioeconomic development and environmental and cultural preservation.

The Sustainable Tourism Fund (STF), created by CAF to provide technical assistance and finance activities supporting tourism development, is worth mentioning. The fund benefits actions such as event creation and participation, decarbonization studies, formulation of local or national tourism development plans, capacity building for institutions and governments, and market studies.

CAF's Strategic Sustainable Tourism Plan Infrastructure Program in the Province of Catamarca, Argentina, is a notable example. In 2017, the initial investment of USD 13 million was aimed at promoting tourism in the province, focusing on enhancing historical heritage sites that attract tourists. In November 2021, due to the pandemic and the need for economic reactivation, the loan was redirected to include strategic works to improve connectivity and expand the province's tourism offerings. One outcome was the increase in tourist spending, from USD 58/day to USD 63/day in 2022.

Another CAF project, the Urban Planning Requalification Program ([PROQUAL](#)) in Salvador, achieved significant results in several areas by 2023. The average tourist spending in the city increased from BRL 1,152 to BRL 1,475, surpassing the target of BRL 1,382 by 7%. The average length of stay for tourists rose from 5 to 7 days, 17% above the target of 6

days. Additionally, the annual number of visitors to the Botanical Garden exceeded expectations, jumping from 1,895 to 9,487 people, 90% above the target of 5,000.

According to an IDB report (2022), the vulnerability of communities, beaches, and coastal tourism facilities in Latin America and the Caribbean calls for urgent measures to increase resilience. In Brazil, Marengo et al. (2017) proposed adaptation measures for sea level rise in Santos, including beach and dune restoration, reinforcement of coastal containment walls, water pumping, and the construction and improvement of natural and artificial drainage channels. In Barbados, coastal protection measures were implemented, considering various sea level rise scenarios. An economic impact assessment of these coastal stabilization investments demonstrated that they positively affected the preservation of fragile ecosystems and an additional 9% increase in economic activity in the sector (Corral et al., 2016).

Implementing programs and projects to manage the risks of extreme events is essential to achieving the desired resilience in tourism. Strengthening response capacity and early warning systems are equally relevant, especially for developing countries. Tourism is a multisectoral activity that can significantly contribute to integrating traditional activities with other production chains. Therefore, tourism not only aids in economic recovery but also could play a vital role in promoting global sustainability.

Another example from CAF is the ["Innovation in Green Projects: Transforming the Tourism Sector in Latin America and the Caribbean"](#) program, which rewards startups, entrepreneurs, tourism agencies, and operators present in Latin America and the Caribbean that focus on social and environmental impact. Additionally, it finances projects for preservation and climate adaptation.

The African Development Bank (AFDB) integrates tourism projects with broader environmental sustainability initiatives. Another example is ASEAN (Association of Southeast Asian Nations), which developed the ["Action Roadmap for Sustainable Tourism Development"](#). This guide aims to assist ASEAN Member States and relevant stakeholders in promoting sustainable tourism practices, enhancing collaboration, and improving the region's competitiveness as a sustainable tourism destination. Both examples emphasize the growing global recognition that tourism can only thrive if developed within sustainable frameworks, which support environmental preservation and boost economic growth and social development.

Another interesting project is the Sustainable EU Tourism Destinations project, which – besides drawing up replicable best practices - focuses on establishing a peer-learning and matchmaking mechanism between destinations facing similar challenges, encouraging them to develop solutions and pointing them to possible resources.



By investing in eco-friendly and sustainable tourism, multilateral banks contribute to reducing environmental impacts and ensuring that tourism remains a viable and beneficial economic activity for the environment. The world faces multiple interconnected challenges that disproportionately affect countries and populations in vulnerable situations. The world is at a turning point for development, facing challenges such as poverty, hunger, inequality, climate change, biodiversity loss, skill and gender disparities, rising debt, and fragility. As a result, halfway through the 2030 Agenda, progress toward the Sustainable Development Goals (SDGs) in most developing countries has been slow. A renewed sense of urgency and determination is necessary to ensure an inclusive and sustainable future.

One specific example from the IDB is the Program to Strengthen Competitiveness and Improve the Sustainability, Inclusivity and Resilience of the Panamanian Tourism Sector. Aimed at promoting sustainable and inclusive economic growth in Panama by enhancing the competitiveness, sustainability and resilience of the Panamanian tourism sector, the loan supported the implementation of a comprehensive set of policy measures, including those focused on strengthening the sustainability, resilience, inclusiveness for ethnicity and gender equality of the Panamanian tourism sector.

## **5.2. SOCIAL DEVELOPMENT**

The quality of jobs in the tourism sector has always been critical in driving sustainable socioeconomic growth, offering diverse opportunities across different skill levels. However, the pandemic significantly impacted this quality, leading to widespread job losses, precarious working conditions, and declining workforce stability. The pandemic affected employment levels and the nature of the work, with many jobs becoming temporary or insecure. In light of this, support financing initiatives enhance job quality in the sector. Investment in training, upskilling, and qualification measures is essential to addressing the challenges posed by the pandemic and ensuring that tourism remains a resilient, inclusive, and equitable economic driver.

Funding for social development in tourism can promote economic and social inclusion and improve the conditions of people residing in tourist destinations. Financial institutions such as the Inter-American Development Bank (IDB) and the World Bank support projects that create jobs and opportunities for people in vulnerable situations. These projects empower local communities, ensuring they can participate and prosper in the tourism industry. Initiatives like public-private partnerships and the strengthening of inclusive value chains help distribute the benefits of tourism equitably, contributing to poverty reduction and fostering sustainable economic development in disadvantaged regions.



The IDB's [Amazônia Forever](#) program is one example of a social development initiative focusing on women, Indigenous Peoples, Afro-descendants, and local communities. The approved projects aim to develop bio economy capacities for the Amazon region's families, communities, and early-stage businesses. At the World Bank, the ["Tourism, Retail, and Property"](#) program stands out, aiming to promote affordable housing development and essential urban infrastructure, incorporating the latest sustainable building standards and green technology. Türkiye is one of the beneficiary countries.

CAF (Development Bank of Latin America) supports training programs to generate knowledge, strengthen regional public policies, and promote inclusive, innovative, and creative tourism. [The DIVERSICAF 5.0](#) program, focused on Ethnic-Racial Equity in Latin America, has approved US\$2.706 billion in technical cooperation, benefiting countries such as Brazil and Argentina. [The Single Market Programme](#) of the European Union is another example within the social development line, offering support for small and medium-sized enterprises (SMEs) in Europe, including those in the tourism sector, promoting social development through enhanced competition policies. [The European Investment Bank \(EIB\)](#) also presents various financing options for tourism. A practical document is the [EU Funding Guide for Tourism](#), which gathers information on 17 tourism-related funding programs focusing on SMEs in Europe.

Within the African continent, the [Tourism Investment and Competitiveness Promotion Project](#), financed by the African Development Bank, created a support center for SMEs in the Malawi sector. BNDES (Brazilian Development Bank) also offers various financing lines for the tourism sector in Brazil, including the ["Credit for Small and Medium Enterprises"](#) program. UN Tourism General has recently approved the creation of a Tourism for Rural Development Small Grants Program. The first call will be opened in early October 2024 and will focus on empowering artists and artisans, mainly women and youth, in rural tourism destinations across Africa (Senegal, Gambia, Tanzania, Rwanda, Zambia, Mozambique, Tunisia, Morocco, Namibia, and South Africa).

### **5.3. DEVELOPMENT OF NEW TOURISM PRODUCTS IN TRADITIONAL AND LOCAL COMMUNITIES**

Developing new tourism products in traditional and local communities is crucial for diversifying tourism offerings and valuing cultural heritage as well as fighting inequalities among and within countries. As highlighted by UN Tourism currently approximately 80% of individuals living in poverty are concentrated in [rural areas](#).

Banks such as the IDB (Inter-American Development Bank) and CAF (Development Bank of Latin America) finance projects that promote cultural tourism and local traditions,

such as "[Salvador Capital Afro](#)", which celebrates Afro-Brazilian culture in Salvador, Brazil. The Salvador Capital Afro initiative, developed by the Municipal Secretariat of Culture and Tourism (Secult) in partnership with the Secretariat of Reparation (Semur) and funded by the Inter-American Development Bank (IDB), is a shining example of a project that promotes cultural, religious, artistic, and economic activities. These activities, including performing art, crafts, literature, music, fashion, gastronomy, and sports, not only enrich the local community but also attract tourists. The initiative highlights the city's strength and expression of Afro-Brazilian culture, inspiring hope for similar projects in other destinations. These initiatives help preserve cultural heritage and provide an immersive experience for tourists while economically empowering local communities. By creating new tourism products enhanced by cultural and creative economic aspects and business opportunities, these projects also contribute to the social and economic sustainability of the regions.

The World Bank focuses its projects primarily on developing tourism infrastructure and providing workforce training. The IDB focuses on the equitable distribution of tourism benefits and creating public-private partnerships for new tourism products. The IDB financed the Program to Support the Tourism Sector in Uruguay, whose general objective was to support the generation of foreign currency, revenues, and employment in the beneficiary areas by strengthening tourism. The program aimed specifically at increasing tourism investment in specific territories, such as the award-winning Pajaros Pintados Corridor, developing innovative products related to nautical tourism.

CAF is centered on improving the region's tourism infrastructure and mobilizing more public and private financing for high-impact tourism projects aligned with the SDGs. Additionally, it awards [startups, entrepreneurs, and tourism agencies](#) that focus on social and environmental impact, encouraging the development of new tourism products in traditional and local communities. The European Investment Bank (EIB) offers financing for developing new tourism products, especially for small and medium-sized European enterprises.

#### **5.4. SHARED INFRASTRUCTURE AMONG MEMBERS**

Investment in tourism infrastructure is characterized by connecting different countries and regions. It is essential for facilitating the movement of tourists and strengthening the local economy. Banks such as the [Asian Development Bank \(ADB\)](#) and CAF (Development Bank of Latin America) support the development of transportation and communication infrastructure that enhances regional connectivity. CAF has various initiatives focused on cross-border development and technical cooperation between countries and regions, aiming to increase connectivity between destinations. The Asian Development Bank (ADB) integrates the financing of tourism projects within a broader scope of sustainable

development and infrastructure, promoting cross-border development through its strategic agendas.

This approach allows for more effortless tourist flows between countries, promoting cultural and economic exchanges. Regional cooperation through cross-border projects strengthens relations between countries and more evenly distributes the benefits of tourism, especially in less developed areas. By coordinating resources and efforts, these infrastructure projects can achieve efficiency and benefit local and regional economies.

The IDB (Inter-American Development Bank) promotes national and regional governance of tourism and crisis management capabilities, contributing to shared infrastructure among countries. The European Bank for Reconstruction and Development (EBRD) has specific programs for financing tourism. It integrates tourism projects into broader infrastructure and sustainable development initiatives, with over 200 billion euros invested in more than 7,000 projects across three continents. The Islamic Development Bank (IsDB) supports development and infrastructure projects worldwide, promoting partnerships and knowledge sharing. The European Union's Single Market Programme and EU Cohesion Policy invest in tourism infrastructure, social and territorial cohesion, as well as projects that promote regional and cross-border cooperation in the tourism sector.

## **5.5. ANALYSIS OF THE TOTAL OFFICIAL SUPPORT FOR SUSTAINABLE DEVELOPMENT [\(TOSSD\)](#)**

The Total Official Support for Sustainable Development [\(TOSSD\)](#) is a new international standard for measuring resources allocated to promote sustainable development in developing countries. It monitors all official resources flowing to these countries, including private resources mobilized through official interventions.

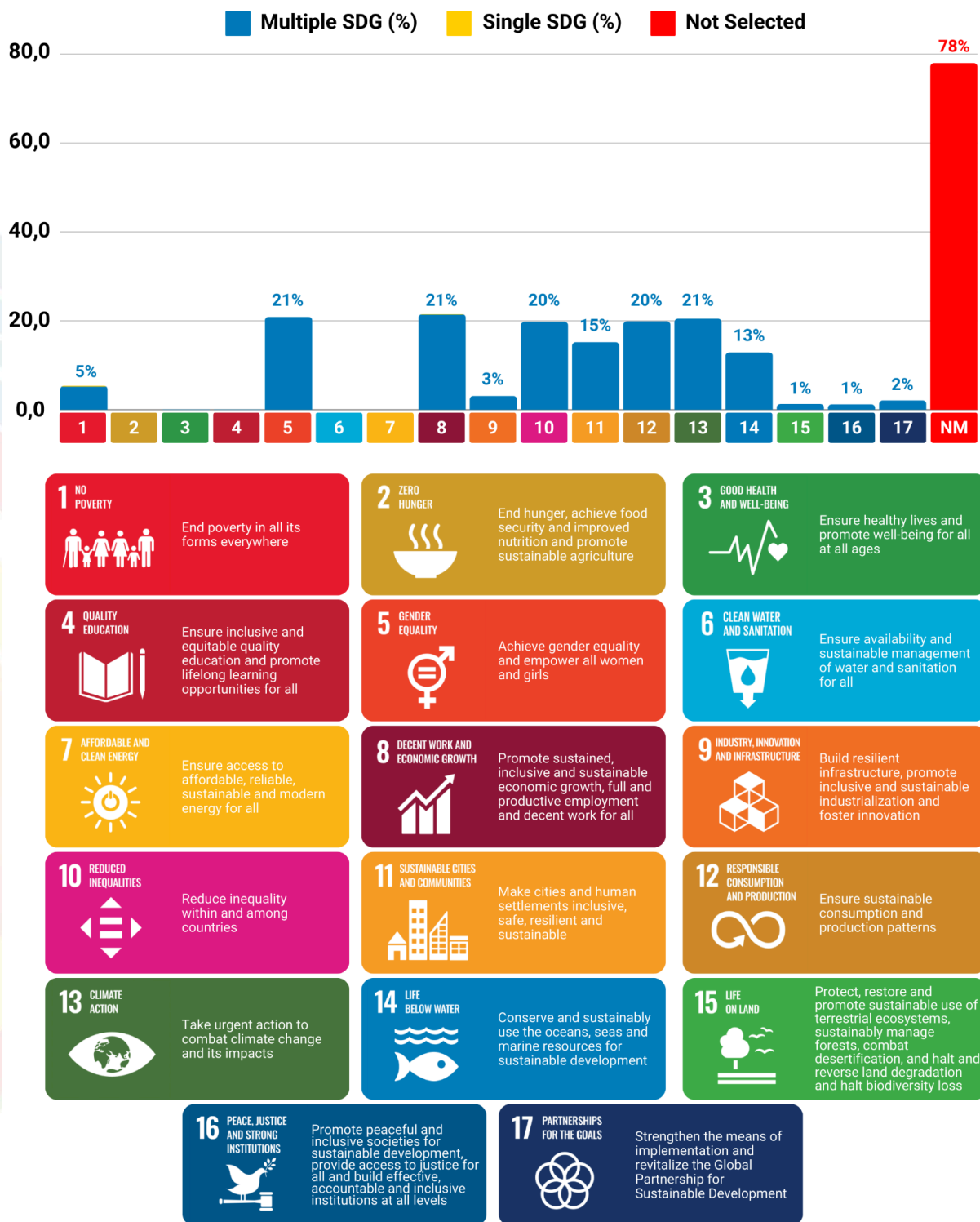
The database is primarily composed of two pillars. [Pillar 1](#) is dedicated to tracking cross-border flows to developing countries. This pillar covers resources provided to TOSSD recipients in support of sustainable development through bilateral and multilateral donors. The main types of resources include grants, in-kind contributions, and financial transactions that may be concessional. Resources mobilized from the private sector through official interventions are also included, emphasizing the origin of the funds.

[Pillar 2](#) focuses on activities that support the provision of International Public Goods (IPGs) and development enablers, encompassing initiatives with global or regional impact—such as climate change, pandemic prevention, environmental conservation, and global security.

The data referring to Figure 2 were collected from the TOSSD platform, considering Pillar 1 and Pillar 2, focusing on the 7 G20 countries (Argentina, Brazil, China, India, Indonesia and South Africa) and the tourism sector, based on 2022 data.

Below, some TOSSD data on the Sustainable Development Goals (SDGs) will be presented. Most of the resources are directed towards initiatives that cover multiple SDGs, reflecting an integrated approach to achieving sustainable development (Figure 2). This multiple cover is particularly evident in gender equality, climate action, and sustainable economic growth.

Figure 2 - Data on resource allocation by Sustainable Development Goals (SDGs)



Source: Adapted from TOSSD, 2024.

There is no allocation of resources to a single SDG, indicating that many initiatives have a broader impact or are designed to address multiple goals simultaneously. Additionally, 78% of the resources are not marked for any Sustainable Development Goal



(SDG). These results suggest improving the tracking and categorizing of resources allocated to sustainable development projects on the TOSSD Online platform.

The data in Figure 3 correspond to all sectors available on the TOSSD platform, including Pillars 1 and 2, and are based on 2022. The data on TOSSD does not specify how the projects are structured or selected.

When distributing resources to G20 members in all mapped areas, tourism ranks second to last in terms of the allocation of resources (Figure 3). It is only ahead of the resources allocated by donor countries to refugees. This finding indicates that the tourism sector is given a different priority or investment level than other sectors. The low allocation of resources to the industry can significantly impact the development and promotion of tourism. This lack of investment limits the sector's growth and reduces its ability to attract visitors. Consequently, the competitiveness of tourist destinations may be compromised, affecting the social development of revenue generated by tourism and hindering the implementation of programs aimed at sustainable tourism.

**Figure 3 - Total value of selected projects (TOSSD)**

	PILLAR 1	PILLAR 2		PILLAR 1	PILLAR 2
Health	15,77%	0,16%	Industry, Mining, Construction	2,48%	0%
Transport & Storage	15,8%	0%	Humanitarian Aid	1,94%	0,43%
Government & Civil Society	9,08%	0,09%	Population Policies/Programmes & Reproductive Health	1,75%	0,02%
Energy	8,3%	0%	General Environment Protection	1,29%	0,03%
Banking & Financial Services	7,38%	0%	Commodity Aid / General Programme Assistance	1,24%	0%
Unallocated / Unspecified	6,61%	0%	Communications	0,43%	0%
Other social infrastructure and services	6,22%	0,06%	Administrative Costs of Donors	0%	0,45%
Education	4%	1,97%	Business & Other Services	0,39%	0%
Water Supply & Sanitation	5,4%	0%	Action Relating to Debt	0,31%	0%
Agriculture, Forestry, Fishing	4,85%	0%	Trade Policies & Regulations	0,25%	0%
Other Multisector	3,11%	0,03%	Tourism	0,18%	0%
			Refugees in Donor Countries	0%	0%

Source: Adapted from TOSSD, 2024.

The TOSSD platform was chosen for this report as it is one of the few that connects tourism investments to the SDGs. Although this platform does not cover all G20 members, its recommendations for increasing and diversifying the volume of resources allocated to tourism are still substantial.



## 6. PRIORITY COOPERATION ACTIONS AMONG MEMBERS TO MAXIMIZE THE INTERNAL AND EXTERNAL TOURISM MARKET

This section highlights the analyses from Delivery 1A - Implemented Actions by G20 Members 2010-2023. The goal is to consider actions that enhance the tourism market and economy. **Axis 1 – Sustainability and Tourism** shows that advancements in environmental conservation policies and internal mobility within each member can facilitate the uptake and mainstreaming of ecotourism, nature tourism, and sustainable tourism products. Actions that can stimulate socio-economic and environmental development include:

1. Encouraging offer of and demand for sustainable products from traditional and local communities.
2. Expanding sustainable tourism initiatives that benefit nature and culture.

Promoting tourism activities benefitting traditional and local communities has achieved intermediate results and can be refined according to the needs and guidelines of G20 members. In a mutually beneficial context, these actions can support female and youth entrepreneurship, areas that have shown moderate progress among members.

The tourism sector developed and is primarily organized by micro and small enterprises, which account for a significant portion of the tourism services offered (Sterren, 2008). However, these enterprises need help accessing credit, increasing their ability to expand and create more jobs.

Another relevant point is diversifying access to transportation, considering the expansion and consolidation of destinations for national and international markets. Focusing on this action can influence supply and demand growth for various tourism destinations.

Data on economic development in **Axis 2 – Information Sharing and Management** demonstrates that national tourism information systems are crucial for strategic planning and tourism promotion. Accurate and comprehensive information enables members to monitor and identify market opportunities, tourist preferences, and potential for new businesses. These systems facilitate international cooperation by promoting the exchange of information between members with complementary demands and offers.

Implementing arrival and departure monitoring systems as well as complete tourism statistical programmes including progress in the implementation of the Statistical Framework for Measuring Sustainability in Tourism allows for strategy adjustments to optimize resources and improve the tourist experience. Data indicate that there is still room to enhance the development of safe travel programs, essential for protecting tourists and residents and promoting safe destinations. Credit lines can impact the quality and scope of collected data, helping managers identify trends and adjust tourism offers.

Expanding bilateral and multilateral agreements on visa facilitation and electronic visas can create advantageous synergy for members, especially those with shared borders or significant travel demand from G20 members. According to [OECD](#) data, the demand for travel and tourist movement among G20 members is distributed as follows.

Figure 4 - Members and main international markets 2008 - 2021.

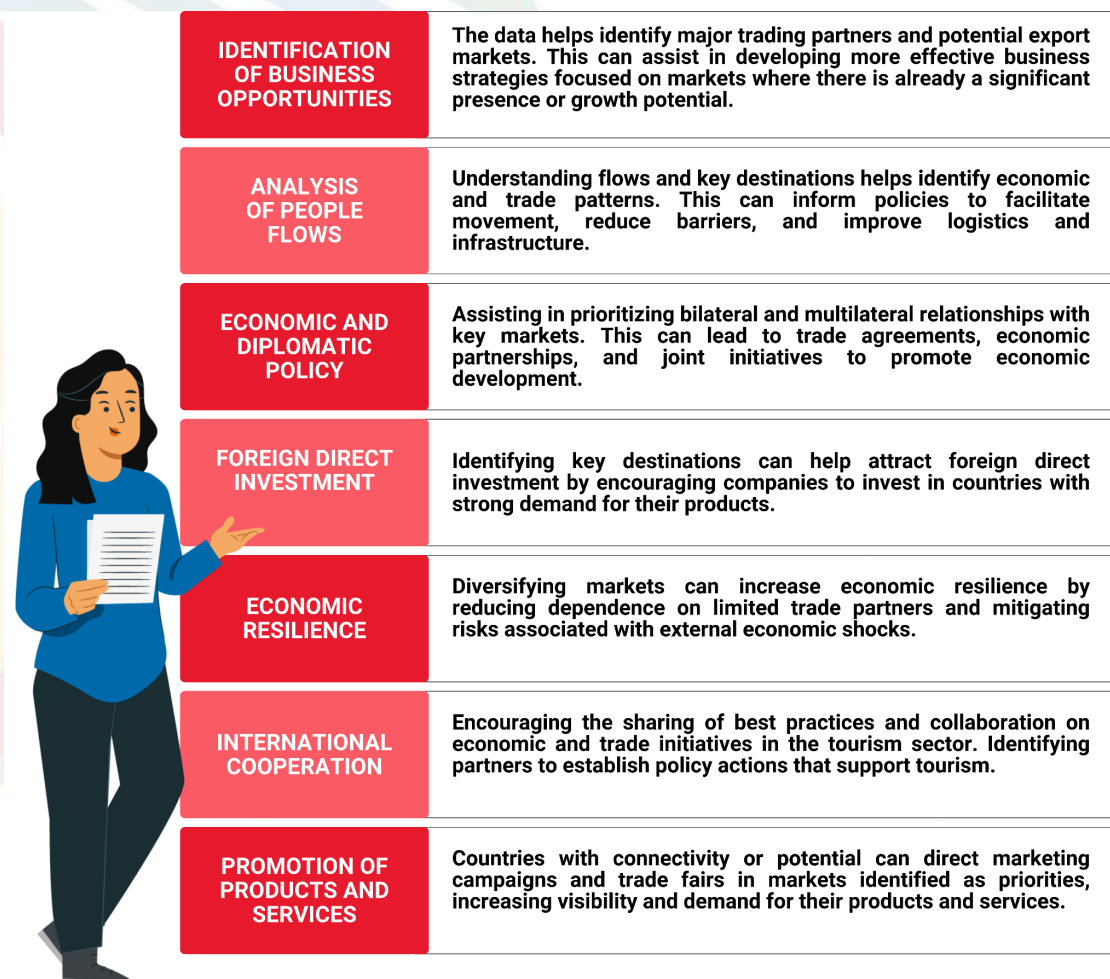


Source: [OCDE, 2021](#).

The demand markets among G20 members offer opportunities to form partnerships and develop strategies to maximize supply capabilities. Notably, European and Asian members have a significant number of connections. There are fewer participants in South America, but opportunities for strengthening relationships exist.

The [Aid for Trade At Glance \(2024\)](#) report revealed that approximately 82% of partner countries have sector-specific objectives related to tourism. This data highlights the importance of international cooperation strategies. For example, agreements that streamline entry and exit processes at borders between neighboring countries can reduce bureaucratic barriers and costs, facilitating the movement of tourists. These connections present opportunities to establish collaborative work lines and partnerships among G20 members (Figure 5).

**Figure 5 - Lines of Work and Partnership**



Source: Research data, 2024.

Investing in shared tourist attractions between cooperating countries, especially in border areas and neighboring regions, can be beneficial. Such cooperation can increase visitor flow, stimulating local economies through higher spending on accommodation, food, and activities. As a result, there may be a positive impact on GDP and job creation in tourism-related sectors.

The development of regional public goods can also serve as an important building block for regional tourism integration. In the European Union, ex post evaluations of territorial cooperation initiatives (INTERREG II and III, implemented between 1994 and 2006) found that cross-border projects to develop and improve joint tourism products were more effective in driving integration than other economic sectors (LRDP Ltd., 2003; Panteia and Partners, 2010).

The perception of safety is also a key indicator influencing tourists' willingness to return or visit specific destinations. Establishing bilateral or multilateral partnerships that enhance safety and build tourists' confidence is crucial for maintaining and increasing high-quality travel flows.

[Safety](#) is fundamental to the destination image. When tourists feel secure, they travel more frequently, boosting the local economy and promoting stability in the tourism sector. Tourism safety has emerged as a significant topic in tourism studies<sup>1</sup>, especially concerning opportunities that can be expanded by developing strategies to facilitate travel for women, youth, the elderly, and people in vulnerable situations.

Regarding [infrastructure for tourism market development](#), projects involving airports, roads, and other facilities that can be utilized by tourist flows naturally take precedence. However, it is essential to broaden this understanding by considering the accessibility and attractiveness of destinations, enhancing the visitor experience, and encouraging other economic activities arising from people's mobility and support services.

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<sup>1</sup> Zou, Y., & Meng, F. Chinese tourists' sense of safety: perceptions of expected and experienced destination safety. *Current Issues in Tourism*, 23(15). 2019. Available at: <https://doi.org/10.1080/13683500.2019.1681382>. Accessed on June 5, 2024.

Díaz-pompa, F., Pérez-labrada, S., Cruz-aguilera, N., Balseira-sanamé, Z. Scientific production on tourist security in the period 2002-2021. *Journal of Multidisciplinary Academic Tourism*. 2023. Available at: <https://doi.org/10.31822/jomat.2023-8-2-119>. Accessed on June 5, 2024.

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Mawby, R. I., Ozascilar, M., & Ziyalar, N. . Risk, safety and security among visitors to Istanbul. *Tourism and Hospitality Research*, 21(1),2021. Available at: <https://doi.org/10.1177/1467358420948918>. Accessed on June 5, 2024.

Vergara-Schmalbach, J.C., Maza-Avila, F.J., Martinez-Nagle, O. Girado-Guzmán, C.A. Evaluation of the quality of the tourist service offered to foreign tourists in the city of Cartagena de Indias, Colombia. *Tourism and Hospitality Management*, Vol. 27, No. 2, 2021. Available at: <https://doi.org/10.20867/thm.27.2.4>. Accessed on June 5, 2024.

Another highlight from Delivery 1A—Implemented Actions by G20 members 2010-2023 is the effective international marketing campaigns that leverage destination brands. These campaigns<sup>2</sup> maximize tourism potential and stimulate economic growth by increasing tourist spending. In this context, considering credit lines and financing is crucial to supporting these initiatives. Such funding provides the necessary resources to develop infrastructure, implement security measures, adopt best practices, and promote sustainable tourist destinations globally.

Programs supporting micro and small businesses are also a focal point. Although the report shows considerable implementation of credit, continued investment is needed to build a solid foundation for small business owners in the market.

G20 members have already widely adopted the creation of public and private funds. These funds play a crucial role by providing the capital needed for tourism projects. Projects can be social, focusing on workforce training, innovation, technology, and [sustainability](#). This approach to resource allocation tends to simplify financial mobilization and promote a favorable environment for tourism sector growth.

The research results indicate the need to consider credit lines to boost the sustainable tourism economy through investment programs. Investments and credit lines will help develop public policies to address the specific needs of women and youth, for example, ensuring that tourists and residents can benefit.

## 6.1 FUNDING LINE RECOMMENDATIONS FOR THE G20 MEMBERS

This section presents concise suggestions for funding lines that G20 members could adopt. The aim is to guide institutions in supporting the group and enhancing its role in tourism. These suggestions are based on data collected and discussed throughout this report, focusing on the strategic development of these lines.

Experience shows that tourism can revitalize industrial heritage, generating new revenue streams [\(2015\)](#). Additionally, creative tourism, which highlights intangible heritage, has proven effective in creating unique experiences and increasing tourist spending (OECD, 2014; Camejo, 2020). The importance of investments in tourism enhancement is evident, as a lack of support can significantly hinder the attraction of visitors to World Heritage sites when such designations raise tourist expectations.

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<sup>2</sup> PIKE, Steven. *Destination marketing*. Routledge, 2012.



Studies demonstrate that infrastructure and connectivity services are also crucial in destination selection. In Latin America and the Caribbean (LAC), Eugenio-Martín et al. (2004) identified that physical infrastructure development is one of the region's most relevant factors for international arrivals. Another study pointed out that the number of flights is the most influential factor in increasing tourist arrivals to the Caribbean (Acevedo et al., 2016).

An example is the Kuélap Archaeological Complex in Peru, where constructing the country's first cable car system and renovating the Jaén airport resulted in a 100% increase in tourist arrivals (Banco Central de Reserva del Peru, 2019). The relationship between infrastructure and tourist arrivals is also observed in other global destinations, such as Thailand (Tang & Rochananond, 1990), South Africa (Kim et al., 2000), Mauritius (Seetanah et al., 2011), and Germany (Doerr et al., 2019).

Investment in destination branding through tourism marketing increases arrivals and tourist spending (BID, 2022), as demonstrated by evaluations conducted in Australia. In the country, public investment in international tourism marketing yielded an average return of 15:1 for every dollar invested (BID, 2022). Some authors emphasize the importance of understanding marketing dynamics in different markets to maximize promotional impact (Kulendran et al., 2009; Dwyer et al., 2014).

The [ex-post evaluation of the Pernambuco Tourism Development Program \(Prodetur-PE\)](#), Brazil, focused on hospitality, identified an average annual increase of 5.6% in hotel employment in regions benefiting from the program between 2009 and 2016. This growth represents an average annual impact of 1.37% on jobs in the sector during this period, requiring an average annual increase of 1.33% in tourist spending. Additionally, the internal rate of return on the program's investment, calculated using a computable general equilibrium model, was 24.2% per year, confirming the program's economic viability.



The proposed funding lines can also help address social phenomena caused by tourism, such as over-tourism<sup>3</sup>. Over-tourism refers to a situation where a destination receives more tourists than it can sustainably manage, leading to a range of negative effects. These effects include overcrowding, overuse of local resources, damage to natural and cultural sites, and reduced quality of life for residents. Over-tourism not only harms the environment and local communities but also undermines the overall tourist experience. It is a critical issue that resilience-focused projects aim to address. As the number of international tourists is expected to reach 1.8 billion by 2030, Effective management of tourism flows and services to prevent and address the negative effects of over-tourism becomes increasingly critical. Over-tourism can be mitigated through funding lines that promote more sustainable and inclusive tourism and the decongestion of destinations.

Tourism congestion and impacts can be mitigated through funding lines that promote more sustainable and inclusive tourism and the decongestion of destinations in line with the strategies above. The **Climate Resilience and Environmental Recovery Line and the Shared Infrastructure Development Line** can be crucial for preparing climate vulnerable destinations, ensuring that tourist flows are maintained while minimizing environmental impacts. Implementing such initiatives can significantly contribute to effective urban tourism management and improve the quality of life in local communities. Fonseca, Todesco, and Silva (2022) highlight that destinations offering nature, climate, fauna, flora, and geological elements as attractions are delicate and vulnerable to mass tourism<sup>4</sup>, making the overexploitation of these resources untenable.

Many tourist destinations and countries are in urgent need of specific funding for resilience-focused projects to address the pressing issues arising from tourism. These issues, such as environmental degradation, high waste production, environmental pollution, seasonality of tourist flow, loss of local identity, and congestion require immediate attention. When tourism, transport, and infrastructure are integrated, they can connect potential tourist areas with significant population centers, thereby improving the quality of life for the local population and driving economic development.

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<sup>3</sup> GARCÍA-BUADES, M. Esther; GARCÍA-SASTRE, María Antonia; ALEMANY-HORMAECHE, Margarita. **Effects of overtourism, local government, and tourist behavior on residents' perceptions in Alcúdia (Majorca, Spain)**. *Journal of Outdoor Recreation and Tourism*, v. 39, p. 100499, 2022. Available at: <https://doi.org/10.1016/j.techfore.2022.122285>. Accessed on June 5, 2024.

<sup>4</sup> A tourism model that involves attracting a large number of tourists who use attractions in an unregulated manner, with a high influx during certain times of the year (Boyer, 2003).

**The Social Development Line** supports the empowerment of people in vulnerable situations. The **New Tourism Products Development Line** in traditional and local communities stimulates innovation in the tourism sector, allowing local communities to develop unique products and experiences that meet diverse demands. By investing in the capacity of micro and small enterprises, this funding line strengthens the economic resilience of regions, reducing dependence on large tourism operators and promoting a more equitable distribution of economic benefits generated by tourism.





Governments could prioritize sustainability and inclusion as fundamental pillars in their funding strategies. Utilizing innovative financing mechanisms, such as green bonds, can attract private capital to these initiatives, contributing to climate change mitigation.

Regarding social and financial inclusion, international support and resources should be allocated to enhance access to banking and credit services in developing countries, especially among people in vulnerable situations, and promote financial literacy to ensure the effective use of these resources.

The rapid [global digitalization](#), accelerated by the pandemic, also requires special attention. Funding is needed to expand internet access in remote areas and support startups developing innovative technological solutions. Additionally, innovation should be encouraged through investments in research and development, fostering public-private partnerships and international collaboration in critical areas such as health, climate change, environmental pollution, overexploitation of natural resources, biodiversity loss and food security.

International cooperation is essential for the success of these initiatives. It allows for efficient resource allocation and avoids overlapping efforts. Furthermore, it invests in the institutional capacity of beneficiary countries, ensuring lasting and sustainable impacts. Considering these analyses and reflections on the data, four funding lines have been initially proposed to expand the path to sustainable development (Table 1).

Table 1 – Summary of Financing Lines

FINANCING LINES	DESCRIPTION	MITIGATION GOALS
 <p><b>CLIMATE RESILIENCE AND ENVIRONMENTAL RECOVERY</b></p>	<p>Recovery and preparation of destinations or locations that are environmentally vulnerable to maintain or adapt tourist flow.</p>	<p>Minimize the negative impacts of environmental vulnerability on tourist destinations.</p>
 <p><b>SOCIAL DEVELOPMENT</b></p>	<ul style="list-style-type: none"> <li>• Funds for micro and small enterprises.</li> <li>• Support for youth and female entrepreneurship.</li> <li>• Training for traditional and local communities in tourism management.</li> <li>• Promotion of social entrepreneurship, tourism products, and itinerary development.</li> </ul>	<p>Combat social exclusion and promote sustainable economic development.</p>
 <p><b>DEVELOPMENT OF NEW TOURISM PRODUCTS IN TRADITIONAL AND LOCAL COMMUNITIES</b></p>	<ul style="list-style-type: none"> <li>• Investment in integrating tourism as an economic activity.</li> <li>• Provision of necessary conditions for access and facilitation.</li> <li>• Professional training and qualification.</li> <li>• Promotion of tourism products.</li> </ul>	<p>Combat the lack of diversification by generating unique experiences and promoting local economic sustainability.</p>
 <p><b>SHARED INFRASTRUCTURE DEVELOPMENT</b></p>	<ul style="list-style-type: none"> <li>• Facilitation of tourist flows and international cooperation.</li> <li>• Improvement and adaptation of tourism products near geographically close members.</li> <li>• Facilitation of border flows and encouragement of consumption.</li> </ul>	<p>Overcome access barriers and promote global collaboration in the tourism industry.</p>

Source: Research data, 2024.

The initial actions highlight how financial approaches promoting sustainable tourism development can significantly benefit a destination's residents and tourists. Investing in climate resilience, environment protection, nature restoration and conservation, social development, new tourism products, and international infrastructure with a focus on cooperation makes it possible to foster tourism that positively impacts traditional and local communities, the environment, and the global economy. This aligns with the sustainability and inclusion principles emphasized by G20 members.

In this context, a substantial increase in multilateral finance for tourism will also need to be accompanied by efforts to expand the capital base of these organizations, in line with current discussions to reform multilateral development banks. According to the OECD's Multilateral Development Finance 2024 report, current measures to increase MDBs' financing capacities, in the absence of additional efforts to increase capital contributions to MDBs, could at best allow for a 30% increase by 2030 – far short of the G20 Independent Expert Group's call for tripling MDB lending capacity by that date.

## 7. GENERAL RECOMMENDATIONS AND CONCLUSION

This report emphasizes the need for G20 members to implement targeted financing mechanisms that support sustainable tourism, focusing on social inclusion and environmental sustainability. Key areas requiring investment include climate resilience, environmental protection, nature restoration, and the promotion of social development, with a particular focus on youth and female entrepreneurship. Tourism products in traditional communities, offering more diversified experiences, also need to be developed.

One of the most pressing issues is the lack of unified infrastructure development among G20 members, which is hindering tourist flow and international cooperation. Equally urgent is the issue of over-tourism, which is rapidly escalating, causing disruptions in local communities and significant harm to the environment. To effectively address these challenges, G20 members must prioritize funding that directly addresses over-tourism, decongests popular destinations, and supports sustainable tourism models.

A significant gap identified is the need for standardized data on tourism investment impacts, which complicates the ability to assess financing outcomes. The TWG suggests creating a platform to map and evaluate these investments, improving transparency and decision-making.

Practical solutions include creating digital platforms to centralize financing information and application processes, similar to the EU Tourism Stakeholder Support Platform. These platforms would streamline access to funding and support micro-entrepreneurs. Additionally, the TWG calls for greater transparency from financial institutions, enabling small entrepreneurs to access clearer information on financing conditions.

Proposed initiatives include:

- A digital partnership platform for tourism associations;
- A financing platform for national and international funds;
- Improved collaboration between tourism and finance ministries;
- A transparency guide for financial institutions;
- A training program on financial education for small entrepreneurs.

These measures aim to create a more transparent financing environment, promote sustainable development, and align with the SDGs, enhancing the tourism sector's resilience and inclusivity. A pilot platform to standardize data on tourism investments could further improve understanding of their impacts and outcomes.

The voluntary recommendations for funding lines and priority areas for investment in tourism presented in Delivery 3 of the Brazilian Presidency outline a clear path toward advancing climate resilience and nature-positive tourism. Prioritizing effective environmental

management in protected areas, supporting eco-friendly technologies, and ensuring affordable financing are essential steps to promote sustainability, reduce emissions, and protect biodiversity.

Equally important are social development measures, such as capacity building, support for micro and small businesses, and the promotion of inclusive entrepreneurship, fostering economic resilience and equity within the sector. By encouraging the development of new, innovative tourism products in traditional and local communities and supporting international cooperation on shared infrastructure, these recommendations aim to create a tourism sector that is not only economically vibrant but also environmentally sustainable and socially inclusive. This holistic approach to financing will drive the global tourism sector toward long-term sustainability, aligning with the Sustainable Development Goals and fostering greater international cooperation.

In conclusion, the definition of key funds and priority areas for investment in tourism must take into account not only the specific needs of the sector but also the cross-cutting issues discussed in other G20 Working Groups. It is essential to integrate topics such as gender equality, with a focus on the rights of girls and women, while also addressing critical issues like reducing hunger, poverty, and global inequality. Tourism can be a significant agent of transformation by promoting social inclusion and economic opportunities for vulnerable groups. Furthermore, socio-environmental development must be a priority, with an emphasis on a fair and inclusive green transition, aligned with sustainability principles. By incorporating these issues, the G20 can adopt a more holistic approach, ensuring that tourism is not only a driver of growth but also a tool for social and environmental justice.

The expansion of investments and technical support for sustainable tourism in developing countries requires a genuine commitment from more advantaged nations, which must acknowledge their responsibility to contribute to inclusive development. These discussions should not be confined to the G20 agenda but must remain a constant focus in major international forums. Although the debate over financial support for tourism is always challenging, the need for collaboration between nations becomes even more urgent in light of the growing demands from developing countries, which seek to align economic growth with sustainability and social inclusion. International cooperation, particularly through the transfer of technology and knowledge, will be critical to ensuring that tourism meets global goals for social and environmental justice.



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